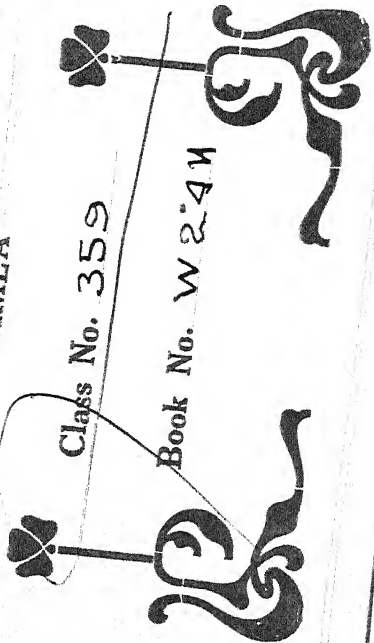


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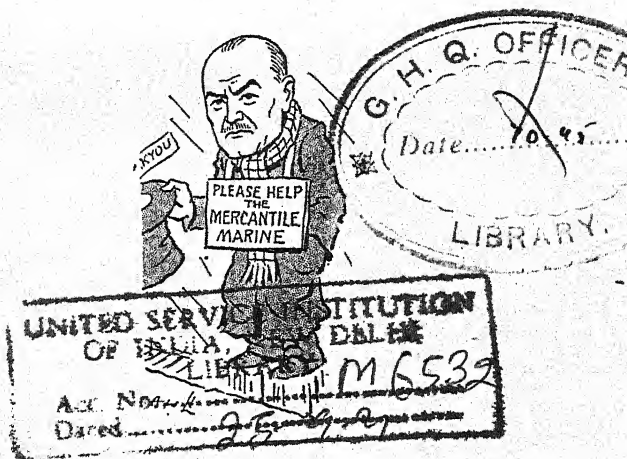
HALF MAST?

BY
EDMUND HANNAY WATTS

WITH FOREWORDS BY
Admiral of the Fleet LORD CHATFIELD,
P.C., G.C.B., O.M., K.C.M.G., C.V.O.

CHARLES JARMAN
(Acting General Secretary) National Union of Seamen

"PUNCH"—Tuesday, December 13th, 1938.
LORDS: DEBATE ON MERCHANT SERVICE.



Lord Lloyd (*sings*):
"We've *not* the ships,
"We've *not* the men;
"Give us some money, do!"

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19405

DEDICATED

*To the Masters, Officers and Men of the
Britain Steamship Company Ltd., who in
their country's hour of need have performed
prodigies of valour and seamanship.*

*All profits from the sale of this book in aid of the
MERCHANT NAVY COMFORTS SERVICE*

PREFACE

This book is the result of two talks I gave at the invitation of Mr. W. Bailey, the President, to the Newspaper Society, which some of its members suggested I should publish.

I have added as Part 3, the Report of the Proceedings of a Meeting of the Royal Society of Arts on November 18th, 1936. Memory often plays one false so that, at the end of a war, one is liable to forget the attitude of mind of people and the circumstances prior to its outbreak. History is apt to repeat itself and Politicians seldom learn, so I feel justified in reproducing this paper and the subsequent discussion, in the hope that the pre-war follies over our shipping industry may not recur to our National jeopardy after Peace is achieved.

I have to record my gratitude to the Proprietors of "Punch" for permission to reproduce their drawings and to my Schoolmaster brother-in-law for correcting my indifferent English. Had I been some thirty years younger he might well have made me feel much physical discomfort for my grammatical errors !

I am also indebted to Mr. Kirkland Bridge for technical advice in the production of this book, and to my wife for proof-reading and helpful criticism.

EDMUND WATTS.

37, THREADNEEDLE STREET,
E.C. 2.

BRITISH SHIPPING.

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THE FUTURE OF THE BRITISH MERCANTILE MARINE.

Paper read to the Royal Society of Arts, 18th Nov., 1936



SERVICE.

"I hope you've had sufficient, Sir ; it's not always an easy job to bring it."

"PUNCH"—*January 13th, 1943.*

FOREWORD

Admiral of the Fleet

THE RT. HON. LORD CHATFIELD OF DITCHLING,

P.C., G.C.B., O.M., K.C.M.G., C.V.O.

THIS book, written by one of our most advanced and experienced Shipowners, a man who has devoted his life to the wide problems he writes on, will be a helpful education to the many I hope will read it.

So, the creation of active public opinion will be effected, without which little will be done.

Among the great and difficult problems which will face the nation at the end of this war, none is of greater importance than that of our Merchant Shipping. What future are we planning for it?

Our shipping is our life blood in peace as in war; without a sufficient and efficient Merchant Navy to carry our exports and imports, and to develop by its experience and skill, the trade on which we depend, our plans for improving the lot of our people in peace and our better national security in times of trouble, will be wholly impracticable.

By putting before his countrymen, clearly and concisely, the problems to be solved, the author has performed a service of importance. We all feel deeply *at the moment*, the debt we owe to our seamen; we wish, and I hope intend, that the greater national happiness we plan, is not to be confined to those who live ashore. Yet, as Mr. E. H. Watts points out, in order to be able to raise the standard of our seamen's lives and the safety of their ships, we must have secure

international agreements, duly ratified, on standards of loading, crew accommodation, and as far as is practicable, agreements on minimum wages and conditions of service. To effect these things in our Merchant Navy *alone* would involve a burden on our shipping which would be a serious handicap; that, in many cases, could only be overcome by national subsidies.

It may be, that in order to develop our Merchant shipping to the requisite standard in war and peace, financial support is essential. There should be no hesitation in giving that support if it is needed. To allot each year a small percentage of our defence estimates to the Merchant Navy, could, if properly used, be a fine defence investment in many respects.

Mr. Watts has wisely set out the danger our shipping faces by a return to unregulated international shipping competition; the problems that may develop from the rise of U.S.A. shipping, and his suggestion that this may be offset by severely penalising the shipping of the Axis powers merits consideration. If, as he says, the spirit of the Atlantic Charter is to be maintained, there must be broader international responsibility, to maintain decent standards of competition and to abolish the past practice of unscrupulous exploitation of seamen, in order to undercut rivals in trade.

In the historical section, Mr. Watts draws attention to the effects on Merchant Shipping in war of the R.N.R. system. This is a lesson of total war. The splendid Royal Naval Reserve has played an important and valuable part in our naval story. It was always realised that one of the sheet anchors of Naval Defence was the great reserve of experience seamen in maritime nations could draw on in war. But, in the great world wars in which we have been involved, we have learnt that you cannot afford to withdraw officers and men from one sea service to man the other, so long as you have to meet ruthless war against shipping as practised.

by Germany. The alternative, of vastly developing the magnificent R.N.V.R., facilitated as it has been by conscription, has overcome the difficulty, freeing the skilled Merchant Service Officers and men for their proper duties in their own ships.

Unless our statesmen give greater forethought to the basic causes of danger to our Merchant Shipping than they did after the last world war, and intend to overcome them with determination in the Peace Settlement, we shall not only be shamefully unmindful of the debt we owe to it, but we shall be building our future on sand.

CHATFIELD, A.F.

BRITISH SHIPPING : RETROSPECT AND PROSPECT.

BY

CHARLES JARMAN,

Acting General Secretary, National Union of Seamen.

WAR has emphasised as never before the vital importance of the Merchant Navy in the economy of world trade. As never before it has brought home to the British people the absolute dependence of their island economy upon their merchant shipping and merchant sailors. But it has yet to be shown by decisions on policy that the problems this war has brought into the forefront are fully appreciated in their bearings upon the position of Britain as a maritime nation.

A clear view of the shipping problem from the British standpoint is essential to the taking of decisions, if we are to avoid after this war the mistakes that were made after the last war. The position then was far less complicated than it is now. During the last war the Allied and neutral countries lost, it is estimated, about 12,800,000 tons of shipping through enemy action, and some 2,200,000 tons through marine risk of capture. This is an aggregate of 15,000,000 tons, representing about 40 per cent. of the shipping owned by the allied and neutral countries in 1914.

Under the conditions of world trade that developed in the inter-war years there was a surplus of merchant ships, and a grievous restriction in shipbuilding. Many shipyards were put out of commission. When

- the present war began, in 1939, there were no more than 60 shipbuilding yards working in Great Britain and Northern Ireland with a productive capacity of about 2,000,000 tons of merchant ships, which was far from being fully employed. On the contrary, the indications in 1939 were that three-fourths of this capacity would be unemployed.

Britain, it was evident, was losing its foremost place as the builder of merchant shipping, and as the carrier of international trade. There was a time, within our own living memory, when eight out of every ten merchant ships under all flags were of British construction. Even a large proportion of the foreign navies, every type of war vessel, was produced in British shipyards. Up to the date of the last war, 1914/18, more than 60 per cent. of the world's shipping was built in this country. It is not my purpose here to analyse the factors that wrought lamentable change in the position of Britain as a maritime nation. Many factors operated, including the development of foreign shipbuilding establishments in continental Europe and the adoption by them of ship construction techniques, marine engineering and ship architecture which had been diffused from their centre in Britain throughout the world ; and including, too, the effects of depreciated currencies, the liquidation of Germany's " frozen credits " in shipbuilding, and the practice which became the rule in France, the United States and other countries of penalising their shipowners who placed their orders both for building and repairs outside their own country. The result of the operation of these causes was a marked and progressive decline in the maritime strength and importance of Britain.

The effects of this present war upon British maritime resources cannot yet be fully estimated. Certain facts are clear. One of them is the phenomenal increase in the output of merchant shipping by the United States. True there has been a very large but undisclosed increase in the output of British shipyards. What

cannot at present be foreseen is how Britain and the United States, as the two great maritime Powers, great in production equally with their control over millions of tons of shipping, will stand in relation to each other when the war ends.

It can be roughly estimated that when this war began we had, as a nation, under 20,000,000 tons of merchant shipping. The figures for 1937 gave us something over 15,000,000 gross tons, excluding vessels of under 2,000 tons; and the gross tonnage of the Dominions amounted to something under 2,000,000 tons.

What amount of shipping we shall have when the war ends depends, of course, obviously upon our success in overcoming the U-boat menace. At the time when this article was taking shape in my hands the U-boats were being kept under control. The Prime Minister was able to say that for four months, ending in mid-September, no merchant ship was sunk by enemy action in the North Atlantic, and during the first half of that month (September) no allied ships were sunk by U-boat action anywhere in the world. During the first six months of this year it was made known that the average number of ships sunk was only half of that of the preceding six months. And in the first nine months of the year the volume of merchant ships completed exceeded losses from all causes by three million tons. We have that calculation on the authority of the President of the United States and our own Prime Minister.

But the capital fact of which account must be taken in attempting to assess the maritime position of Britain at the end of the war is, as already indicated, the tremendous out-put of ships in the United States. It is stated with authority that early in 1944 America will have more than 30,000,000 deadweight tons of shipping—the greatest merchant tonnage in the world. Last year American shipyards produced 8,000,000

• deadweight tons of merchant shipping, an output which must be compared with the production of 1.85 million tons of deadweight shipping in 1918, which was a previous record. America has 25 shipways now, if not more, for every one that existed four years ago.

Moreover, building time has been accelerated to an amazing extent. For Liberty ships it has been brought down from 180 days to 56 days; whereas for the same type of ship in the first world war the building time was 212 days. Construction will go on, in an expanding volume and an even quicker tempo through 1944. On the basis of the 1943 rate the United States Maritime Commission recently calculated that next year an addition of 20,000,000 deadweight tons will be made. Construction is to be concentrated, too, in 1944 on slow vessels—the significance of which is perhaps that the slower (11 knot) ship carries more cargo than the faster (15 knot) ship which moreover absorbs 50 per cent. more labour and materials in construction.

• The situation with which our maritime nation will be faced at the end of the war is, therefore, one of rivalry with another maritime nation which has hugely expanded its production capacity and will be in possession of a hugely expanded merchant tonnage. This situation must be considered in the light of such declarations of policy as are available concerning this rivalry, or, shall we say?—co-operation. We have to consider the estimate that at the end of this war the United States shipping position will be that they will have in their hands a deadweight tonnage of merchant shipping *four times* as heavy as their pre-war asset—a fleet of probably 50,000,000 deadweight tons—most of it Government owned, or at least paid for by Government money. We have to consider this fact in relation to such “statements of claim” as those attributed to United States Rear Admiral Vickery and others asserting that America must have a large merchant shipping fleet after the war. How large such a fleet should be is a matter of discussion. The usual

estimate appears to be that the United States should have a tonnage of a capacity needed to carry half its seaborne trade. On the basis of pre-war trade statistics this would mean an increase of about two-fifths upon the United States tonnage of merchant shipping in 1939, which was about 9,000,000 gross tons.

Whatever may be the estimate of the amount of merchant shipping tonnage lying in the hands of the United States at the end of this war, American views about it are in no sense ambiguous. American shipping interests know what they want. The American Merchant Marine Institute, which claims to represent 61 shipping companies operating 14,000,000 tons of ships, has recently tabled its programme. It proposes (i) the ultimate transfer of all Government-owned merchant ships to private hands, preference being given to those owners and operators who maintained American flag services prior to the war ; (ii) the barring of Axis fleets from trade routes which they formerly served, with a stipulation that trade routes of importance to the United States should be reserved for American vessels, and that new foreign trade routes must be established with a view to a greater share of United States foreign trade being carried in United States bottoms ; (iii) the creation of a pool of at least 5,000,000 deadweight tons, to be laid up (possibly in the Great Lakes) and held for future emergencies, with a stipulation that it is not at any time to be operated in competition with private shipping.

This is perhaps an extreme programme. It has been exposed to criticism on the ground that many foreign nations—for instance, Britain, Norway, and the Netherlands in pre-war times—earned by their world-wide shipping services much of the money they used to buy United States products ; and no expansion of United States exports to these countries can be expected if U.S. shipping policy deprives them of an important means of paying for such products. A less aggressive shipping policy is the one envisaged

(according to the U.S. Journal of Commerce) by the U.S. Maritime Commission. Its plans for post-war shipping envisage an overall 50/50 division of foreign trade between American and foreign ships. That seems more reasonable, but is still disquieting. Moreover, the physical expansion of American shipping may upset this 50/50 allocation of world trade. According to U.S. Admiral Land the United States is now building five ships a day. Since Pearl Harbour American shipyards have turned out 2,100 ships aggregating 22,000,000 deadweight tons; the present shipbuilding schedule calls for more than 2,500 ships by the end of 1944: and Admiral Land estimates that a fleet of 15,000,000 to 20,000,000 deadweight tons will be needed to maintain the United States in a position in the maritime world befitting its stature as a nation.

Further, in the survey of shipping prospects a new factor has arisen during the war which has to be weighed in this connection—that is, the possibility of airborne transport, and the American view of its development in the post-war years. The President of the United States Air Lines Corporation (Mr. W. A. Potterson) has recently suggested the lumping together of all the international transport services by air and sea at the disposal of the United States so as to give the U.S. “a maximum strength of competition with foreign powers.” It may be said, and I think justly, that in the present phase of development, airborne transport cannot compete with sea traffic in any formidable way. It was estimated before the war that the cost per ton-mile of carrying freight was 30d. by air and 1/30th of a penny by sea. It is nevertheless possible that some kinds of cargo will gravitate under normal conditions of trade to air transport; and certainly it may be anticipated that there will be a very considerable increase of air passenger transport which will affect the big liner companies. But the balance as between traffic by air and sea is of less

immediate importance in this discussion than the relative capacity for competition in air transport as between Britain and the United States. Data are not available to enable one to measure the relative resources of the two countries in this field, but it must be remembered that for war-time reasons Britain is not building transport planes, but concentrating upon war planes, and the United States is, likewise for war reasons, building up a very considerable fleet of transport planes.

Two problems of policy thus emerge for British shipping interests. One is the problem of the physical resources in ships and shipbuilding capacity that Britain will have at the end of the war. It was reported at the beginning of this year that our ship-owners and shipbuilders had established a joint committee to examine mutual post-war problems. The central problem is the fact that predominance in shipbuilding and shipowning is passing to the United States. How to recover for Britain as a maritime nation the position we were able to restore to some extent after the last war as a builder and owner of ships is a question upon which it is imperative that we should take thought and come speedily to firm decisions.

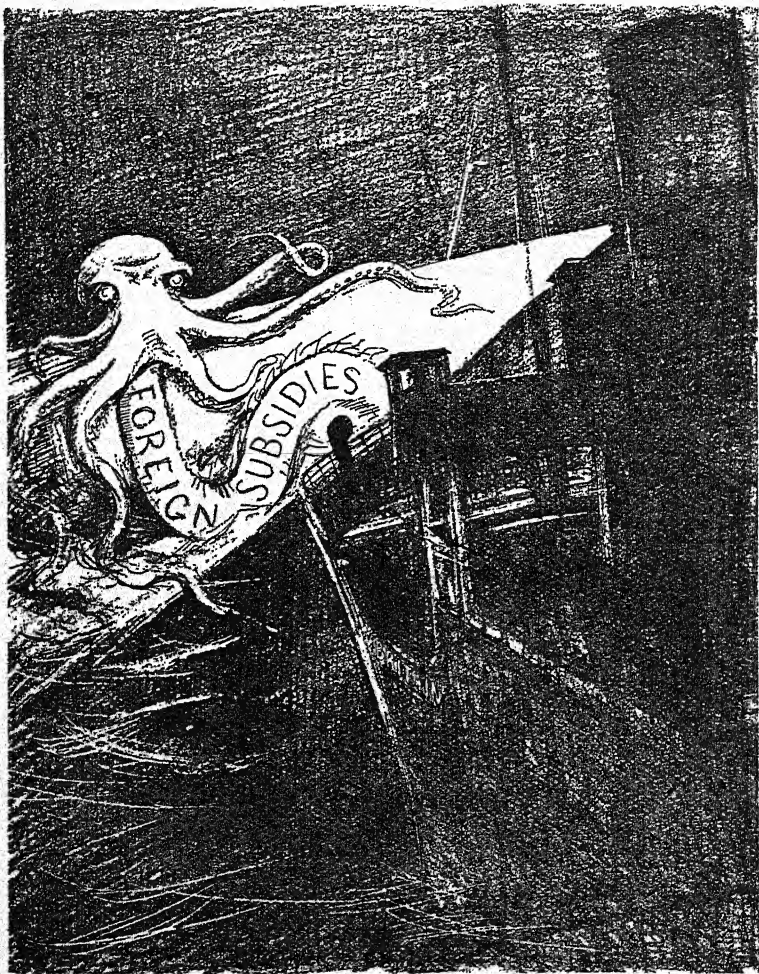
The other problem upon which British shipping interests must frame a policy soon is the integration of air and surface transport. The General Council of British Shipping was recently credited with having under consideration preliminary plans for entrance upon the air transport field. Two leading shipping companies, Cunard and Furness-Withy, have taken powers to run air lines, and a third, the Manchester Lines, has intimated its intention to do so, whilst Cunard-White Star already possess these powers according to Sir Percy Bates. It appears that the authorities concerned have undertaken not to come to any final decision about the future of air transport.

without the shipping interests having an opportunity to present their views.

Such matters cannot be dealt with too soon: for there are other interests involved in these questions of maritime policy, foremost among them, I would say, being the interests of our seafaring folk. I have said nothing about the claims of the merchant seaman for a better and fairer deal in the post-war world than he has had yet. The seamen's trade union organisation has been growing stronger during the war, and will have behind it, I am quite convinced, the unanimous support of the British people in demanding better conditions of service, higher standards of accommodation aboard ship, continuity of employment, better wages, more welfare facilities, rehabilitation centres and convalescent homes, more generous compensation scales, and pensions in old age. In considering the future of British shipping these claims have to be brought into account. They constitute a debt of honour which the nation will insist on being recognised and redeemed in the post-war years. They constitute, too, in any enlightened view of Britain's maritime future, the foundation upon which our sea power, whether for war or peace, can securely repose.

C. JARMAN.

December, 1943.



THE REAL SEA-MONSTER;
or, the menace to our mercantile marine.
"PUNCH"—December 20th, 1933.

HALF MAST ?

PART ONE.

BRITISH SHIPPING.

IN considering the present position of the British Shipping Industry and the steps which should be taken to preserve it under post-war conditions, it is useful to know the historical events concurrent with the industrial revolution through which Britain rose to become Mistress of the Seas. It is unnecessary to go back to the time, when the Chief Naval Constructor was telling My Lord Commissioners of the Admiralty that, "It is against nature for iron to float," but it is advisable to examine the period following the so-called Repeal of the Navigation Acts in 1849 from a strictly Merchant Shipping point of view. This is not at all the same as that of politicians and historians, who are too often biased by political or economic prejudice and have to try and fit the development of the Shipping Industry into their own interpretation of events. In fact, the Navigation Acts are not repealed, but are only in abeyance, and, subject to an Order in Council, can be reimposed in 24 hours. But it has suited certain parties to talk about "repeal."

✓ Causes and effects in Shipping affairs are never simple because it is the only great basic industry which is 100 per cent. open to foreign competition, and to the influence of unpredictable world trade conditions. Those closely connected with the practical side of ship management frequently find it impossible to subscribe to the superficial deductions of politicians and economists, which are confounded by a study of actual voyage accounts. These give

ly true picture of the trades which are profitable and the economic conditions of the industry at any period. In the brief historical review which follows, an attempt will be made to upset the popular belief that the great development of British Merchant Shipping during the latter half of the 19th century, was due to the policy somewhat inaccurately described as the "Freedom of the Seas." This inaccuracy will also be explained.

BRIEF HISTORICAL SURVEY.

By the beginning of the 19th century, Great Britain had established a long lead in industrial development over the rest of the world, and there was an insatiable demand for products of British machines and skilled labour which made any form of protection or tariffs more hindrance than help in supplying foreign markets. The era of Free Trade resulted, with the inevitable corollary that the "Freedom of the Seas" quickly followed.

This was no new phase: much had always been talked, particularly by Great Britain, about the Freedom of the High Seas, but for two or three centuries this had meant safety rather than open trades, because, since British Shipping had been developed under the protection of the Navigation Laws, it had been an accepted policy that "British Goods should be carried in British Bottoms." Through long usage, the Navigation Acts had become riddled with abuses and exceptions, but the main principle remained—which was that only the two parties to any transaction were entitled to carry the cargoes concerned.

Interested parties have hailed the introduction of "Freedom of the Seas" as bringing in an age of prosperity to shipping, but it is curious to note that, whilst explanations are frequently sought for subsequent slumps in the industry, in world events or, the incidence of trade cycles, the credit for the prosperous

years is usually given to the new interpretation of "Freedom of the Seas." But it is very important, though extremely difficult to determine how much credit should be given to a political slogan, and how much to world events and the commercial upheavals which immediately occurred after the Navigation Laws were suspended by Parliament in 1849.

CRIMEAN WAR.

In this brief survey, mention will only be made of the most outstanding events which followed the "Repeal," the first being the outbreak of the Crimean War, in an area which was then the chief granary of Europe. The little ships of those days were suddenly faced with two urgent demands ; one for war purposes, the other to go much further afield than the Crimea to fetch grain. This automatically brought a large rise in freights, which was further augmented by the discovery of gold in California and Australia. Ships were asked to perform novel voyages and offered fantastic inducements.

But the Crimean War ceased and the gold rushes faded out, and 12 years after the suspension of the old Acts the world returned to normal and shipping to a slump—a slump which hit the British harder than their competitors. If Freedom of the Seas is credited with the good times, it cannot escape some responsibility for the subsequent economic blizzard which nearly destroyed our Shipping Industry.

AMERICAN CIVIL WAR

Just before the Civil War broke out, an American Ambassador to the Court of St. James's had openly declared on his return to Washington, that Great Britain was no longer Mistress of the Seas and that her place had been taken by the United States of America. Whether or not his opinion was entirely justified at the time, it quickly became out-of-date

as a result of the disastrous American Civil War. Each side was busily sinking the other's Merchant Ships and chartering British tonnage at exorbitant rates in order to replace the losses. It is not generally realised that apart from the economic advantage to British Shipping of these highly lucrative freights, the sinkings of American tonnage removed for the time being one of its most serious competitors.

Shortly afterwards, the Prussian-Danish War took place and, finally, the Franco-Prussian War, when the same kind of thing happened. Thus, our competitors eliminated each other's shipping, provided high freights for British tonnage and impoverished themselves by piling up large War debts. The result was that in the 1870's some twenty to twenty-five years after the "Repeal" of the Navigation Acts, the British Ship-owner found himself with money to burn. The opportunity to use it was soon provided.

IRON AND STEAM SHIPS.

It so happened that the period marked the introduction, on a commercial basis, of steam-propelled iron ships. Until then, no method had been found effective to compensate compasses for the magnetic eccentricities caused by metal in these vessels, neither had an anti-fouling mixture been produced which prevent iron ships from becoming encrusted with marine shell and weed. Finally, insurance experts were apprehensive that the moment an iron ship was holed, she would become a total loss. In fact, at this time, methods were discovered of adjusting compasses ; anti-fouling compositions came on the market and the *Great Eastern* went ashore on the coast of Ireland, remained there for over a year and was salvaged with far less cost than would have been the case with a wooden ship, thus setting the Underwriters' fears at rest.

Just as the Industrial Revolution had given this country a lead with machinery, so other people's wars gave the British shipowners the chance of mechanical monopoly at sea—a chance they quickly seized. During the latter half of the last century there were many little wars (such as the Egyptian, Ashanti, Zulu, Maori and Burmese Wars), some famines and a few revolutions, all of which brought money into the British Shipping Industry, whilst the cost to this country of the expeditions it undertook was negligible. By the end of the century 50 per cent. of the world's cargo ships were flying the red or blue ensigns.

BOER WAR.

But, after we had enjoyed almost 40 years of prosperity at other people's expense, the Boer War broke out, and the position was reversed. This time it was the British who had to pay up for neutral tonnage to support an army nearly six thousand miles from home. This time we had to pay—and pay through the nose—for neutrals to carry our cargoes. We began to lose our mechanical monopoly. Others had the money to buy fine ships as well. It is not surprising to hear that after two or three years of peace, the Chamber of Shipping of the United Kingdom passed a resolution asking for the protection of shipping, because of the unparalleled depression in which the industry was sunk. How well this resolution would have been supported one cannot say, partly because of political changes at the time and partly because the Russo-Japanese War broke out and promoted a recovery.

GREAT WAR, 1914/18.

The world continued to expand industrially and commercially, and, though no longer so pre-eminent, British shipping received a large share of the general

prosperity of the years between the end of the Japanese War and the beginning of the Great War. Nevertheless, by 1914, the British Registry could only claim 35 per cent. of the world's cargo shipping, a reduction of 12 per cent. since the beginning of the century. But world trade was opening up at a great pace and this reduction in our share caused no alarm. Backward countries had become more and more dependent on exports, imports and overseas communications for their internal prosperity. British shipowners had fostered new trade routes to feed growing industries in new lands. Then, in 1914, at one stroke, Britain's ships were withdrawn to serve their country's need. Even the shipping under the Allied flags—British, French, Italian and Japanese—was not enough. The Scandinavians, the Dutch and the Greeks chartered their ships to Great Britain. They had little option; because most of their vessels burnt coal and the coal depots of the world were generally under Allied control. The British Government paid unprecedented freights for cargo space (but not to British owners, who received "blue book" rates and were, in addition, liable for excess profits duty). Meanwhile, this enormous concentration of tonnage in the Allied War effort produced a drastic effect on the commerce of countries which had relied on alien shipping for their overseas communications. Their economic life was strangled and there was only one solution open for them to take; they had to have shipping of their own. And thus was born modern maritime nationalism.

If the American Civil War put British Shipping on its feet, the Great War certainly put the neutrals, great and small, in a strong position to challenge our pre-eminence. For instance, at the end of the Boer War, many Scandinavians still owned large numbers of sailing ships. When the 1914/18 War was over, sail had disappeared and neutrals, with their fine new steam and motor ships, were firmly set up in trades.

established by the British but almost abandoned by them during hostilities. An example of how the war affected the fortunes of neutrals can be best exemplified by a case within the writer's own knowledge. In 1914, a neutral owed a considerable sum of money for bunkers supplied to his ships. By 1919, he had modernised and doubled his fleet, paid all his debts and had seven million pounds to his credit in the bank.

AFTER 1918.

It is not difficult to pick a quarrel and start a war. It is quite another matter to attain peace when both sides have had enough fighting. The ethics (or lack of them) which win a war are fatal to peace time, and the returning warriors do not easily discard the mentality of Total War for the humdrum basis of commercial and industrial life. And so the aftermath of battle brings a trail of strikes, lock-outs and disputes which are wholly senseless and generally an expression of war neurosis. The ten years after 1918 were no exception to this, and the unhappy history of the Coal Trade during this period provides a melancholy warning to Government, employers, employees and the partisan general public, how not to order their affairs. The industrial chaos caused by such failures, coupled with the unsound reparations clauses of the Treaty of Versailles, cost this country dear and added to the rapidity of its shipping decline.

By 1925, the lead established by the British in the '70's had gone; mechanical propulsion was common to all nations, and wages became the governing factor to determine who could quote the lowest freights.

The results of this were five-fold:—

1. Countries with a high standard of living tried to bridge the competitive gap by subsidies.

2. Nations owning colonies, coasts, or investments which produced sea-borne trade of value took measures to reserve such trade for their own flags.
3. Buyers of goods being scarcer than producers, countries tried to ensure that their purchases were carried in by their own ships.
4. Those people without possible trade monopolies, or whose purchasing power was inconsiderable, attempted to keep at sea by making wage cuts and exploiting a low standard of living.
5. There were wholesale breaches of Conventions. These are international agreements designed to eliminate many of the abuses at sea and to regulate such matters as safety of life, fumigation and restricted loading (such as Plimsoll fought for in this country). These Conventions had been accepted by many maritime nations but few had ratified them.

For the next decade, British shipping struggled on against the economic blizzard which threatened to sweep the red ensign from the Seven Seas: little did Government or public heed the rotting ships in our estuaries, or the bleak-eyed "heroes" of 1914-1918 kicking their heels in idleness and penury. As coast after coast and trade after trade were shut to us, so subsidy succeeded subsidy and Convention after Convention was dishonoured. Officialdom just turned aside. Even flagrant breaches of the spirit of the load line were freely condoned by the Board of Trade. Take one instance: the ss. "*E*" was sold because her British owner could no longer afford to run her at a loss. Under her new registration and flag she regularly brought 320 tons more grain from the Plate to this country than she might carry under the British flag. The excuse for allowing this was that our jurisdiction over foreigners does not extend beyond the three mile limit. Thus, an alien ship has

only to show her Plimsoll mark when crossing our line, whereas the British ship must do it from start to finish of her voyage, and make due allowance for bunkers, stores and cargo.

One may well ask what excuse Government had for neglecting shipping. The answer is found in public apathy. Only a handful of Members ever attended shipping debates. On occasions, the House might have been counted out, and the plain English is that the state of British shipping was of no interest politically. As a Cabinet Minister once remarked—"Your employees can only muster 100,000 votes at a General Election and most of them will be out of the country."

FALSE SHIPPING STATISTICS.

Much blame for this state of affairs must be laid at the door of the Government statistician. One would think that passenger ships and cargo ships would be separated statistically, and that actual figures of what was carried in goods or people would be available. Not a bit of it! The academic figure "nett ton" is used as the basis of British shipping calculations and, as long as a ship has one deadweight ton of cargo aboard her, all those nett tons are tabulated either as entering or clearing a port with cargo.

Thus, *Queen Mary*, often carrying under 100 tons of cargo other than passengers' baggage, was posted every time she came to this country as 34,000 odd nett tons entered with cargo. On the other hand, a freighter of the ordinary type was shown as 3,300 nett tons entered, although she might be carrying 9,000 deadweight tons of cargo. So every time the *Queen Mary* came in and out, she theoretically equalled the activities of 25 foreign 9,000 tons deadweight cargo ships. But in 25 trips she might only carry 2,500 actual tons of cargo, although the cargo ship would bring in over 220,000.

However, it was not only the *Queen Mary* that tipped the scales against us: if the Great Western Railway Ferry boats of 1,000 nett tons brought in as much as one greyhound from Rosslare to Fishguard, that also went down as a nett entrance with cargo. These boats ran every day of the week. You might expect to find that these trips would be considered a coastal voyage, but nothing of the sort! Southern Ireland has a separate constitution and, therefore, these boats were classed statistically as trading overseas.

When a ship carries cargo it is assumed, theoretically, that all her nett clearance takes place at the first port of loading and her nett entrance at the final port of discharge, irrespective of any intermediate ports. Here is an actual case which will show how absurd the situation can be:—A Japanese was competing for a cargo from the United Kingdom to Colombo; the Japanese got it, and carried 6,000 tons in a British Empire Trade. Whether deliberately or not, the Japanese Captain took one ton of cargo on to Kobe. Statistically, his voyage was recorded—United Kingdom to Japan.

Finally, to make confusion worse confounded, foreign figures are incorporated with the British calculations. There are large parts of the world where British ships are unable to trade or where collation of tonnage statistics is impossible for us, so our statisticians accept the last published figures of foreign countries. Thus, in the year of grace, 1938, the last available Italian figures—*i.e.*, for 1929, were welded on to our own and, in the case of Germany, the last issue was of pre-Hitler vintage.

This story sounds incredible. Here is a challenge. Let the Board of Trade publish the detailed findings of its own Civil Service Committee appointed to investigate shipping statistics. After that, let it

explain why those same misleading figures are still being utilised.

A rough and ready, but more practical way of gauging our shipping position is to classify our ships under four headings—passenger, intermediate, cargo and coaster ; then see how many we have in commission under each category and how many the other man has running.

TRAMP SUBSIDY.

Statistics or no statistics, by 1934, the crisis in British Shipping could no longer be disguised. British tramp shipowners, whose whole training and success depends upon decision and individuality, were forced to apply to the Government for a subsidy. After a lot of haggling, £2,000,000 was granted on two main conditions :—

1. The scheme for the administration of the fund was to include safeguards to end competition between liners and tramps.
2. Co-operation with foreign competitors was to be sought, and under no circumstances was the subsidy to be dissipated in competition (which of course meant that we should stabilise those competitors in their gains).

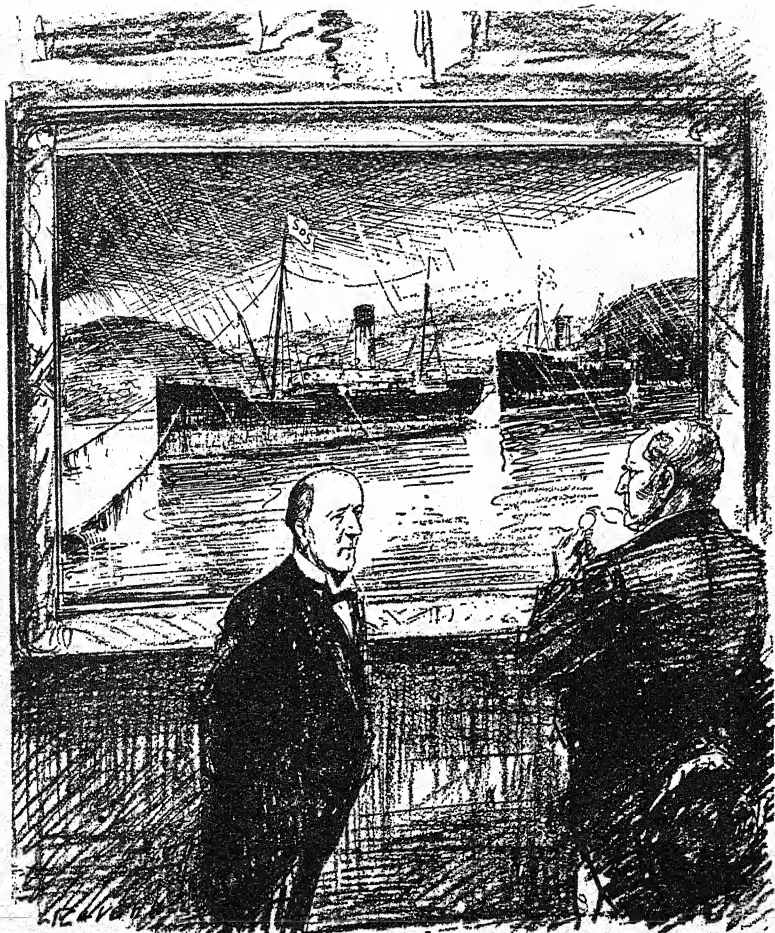
Thus was born what became known as the Tramp Shipping Administrative Committee and the first modern attempt at planning international shipping.

It is worth recording that one further important condition was attached to the subsidy at the request of the shipowners themselves. An owner who was proved to have infringed or evaded any agreement made on the National Maritime Board by the representatives of the Owners, Officers and Men lost his subsidy.

The Tramp Shipping Administration Committee was successful as far as its control and co-ordination of British Shipping was concerned, but broke down badly when it came to dealing with some foreigners. Unfortunately, our competitors were under no penal clauses and their Governments, as was the case with Conventions, did not seem anxious to enforce co-operation. In fact, Germany, Italy and Japan did their level best to smash the whole scheme and there were others who only adhered when it suited them, but were quite ready to break away the moment there was an advantage to be gained.

“SCRAP AND BUILD.”

Concurrently with this niggardly subsidy, an amazing plan was forced on the industry—the infamous “Scrap and Build” Scheme which was in existence from 1934 to 1937. As one looks back, it seems sheer lunacy that the Government should discourage ship-owners to build new ships unless they scrapped two tons of old for every one of new laid down, when at this very time the Admiralty was busy preparing to rebuild the Royal Navy, and had already committed itself to an expansion programme. And yet the Government was prompting the gradual elimination of the British Merchant Service.



"AS IDLE AS A PAINTED SHIP."

Mr. Runciman: "What do you think of that one?"

John Bull. "I think it's all wrong. It makes me miserable."

Mr. Runciman: "I agree."

"PUNCH"—May 9th, 1934.

MANNING PROBLEMS.

So far, this survey has not dealt with a side of the industry which rapidly went to rack and ruin in the chaos created after the Great War.

It is important to remember that the Royal Navy has never been sufficiently manned in peace time to send its ships to sea in war. In olden days, the press-gang used to capture the unwary merchant seaman ashore, or failing him, the unsuspecting civilian. Every King's ship had the right to waylay a Merchantman at sea and take 10 per cent. of her crew. This method of recruiting fell into abeyance during the last century, but even to this day, the Royal Navy still looks on the Merchant Service as a happy hunting ground for finding seamen. And so do the Army and the Royal Air Force for that matter. In modern times the method employed by the Admiralty is to recruit merchant seafarers into the Royal Naval Reserve, a body equivalent to the Territorials, except that the Royal Naval Reserves are skilled seamen and professional navigators who, with little training, are the equal of Royal Naval officers and men of their grades in the King's Ships.

When the 1914/18 War broke out, large numbers of R.N.R.'s were promptly called up by the Admiralty. This immediately created vacancies in the merchant ships and rapid promotions naturally followed. The War dragged on for four years and many of the junior R.N.R.'s forgot much of what they had learnt of the intricate job of running a Merchant Ship. Meanwhile, their young contemporaries in the Merchant Service were becoming expert in cargo work and stowage, the navigation of low-powered ships, and the many commercial aspects of their profession which are unknown in warships.

- After the Armistice, the Admiralty said, "Thanks very much for these people," and dumped them back on the industry. Many had lost the most valuable time of their lives and returned to the Merchant Service to compete with seafarers who had run just as many risks in the winning of the war, but had been learning their trade at the same time, and were now far more capable of holding their own in the rough and tumble of international competition.

There were other personnel problems too, such as repatriated prisoners of war, many of whom suffered and eventually died from the effects of malnutrition. The treatment they received from a grateful country does not bear thinking about.

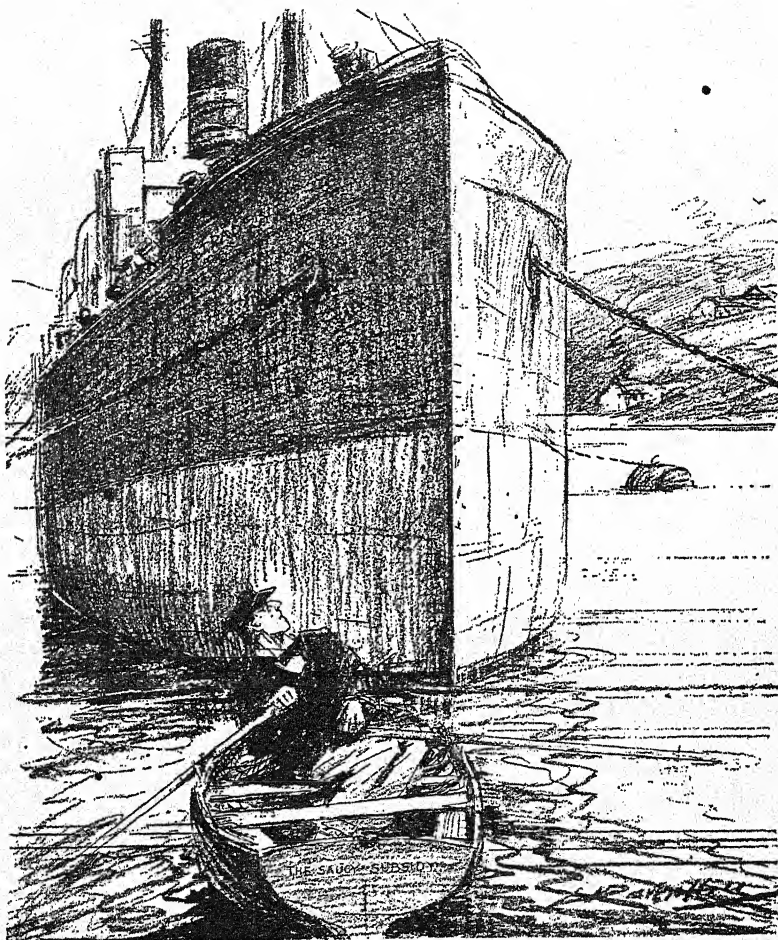
The Great War, coupled with the lack of a virile shipping policy and the mistakes of the successive Governments and their advisors in the economic and industrial fields, brought great distress to the shipping industry. Ships were laid up in every estuary, creek or harbour which could hold them, and the men who were waiting to take them to sea tramped the streets in idleness. Wages came tumbling down in a futile effort to match people whose standards were immeasurably lower than those provided by the dole. Prospects there were none, and only a fool sent his son to sea. The situation was bad enough without the Ministry of Labour exaggerating it by issuing false statistics. At one period, the Labour Exchanges were showing 30,000 workless seamen. The Shipping Federation doubted the accuracy of this figure and, after a lot of agitation, the Ministry of Labour conducted an investigation and 18,000 of these so-called seamen were removed from the Register forthwith. Apparently it was necessary to have been to sea only once to claim the dole as a seaman. First prize went to a dear old gentleman in Birmingham, well into the sixties,*who had been to sea as a cabin boy for a fortnight with his uncle on the coast, and who was drawing the dole accordingly.

MANNING THE R.N. AND M.N., 1939.

Then the present War loomed up and the Admiralty doubtless misled by these figures, assumed that it could count on 20,000 men from the Merchant Service, a figure far in excess of what was available. The Royal Navy, because it was hopelessly unequal to the task of manning its ships, came to an arrangement with the Shipping Industry to take over 200 junior officers and make them permanently R.N., and this number was afterwards increased. Repeated representations on manpower shortages were made to Admiral Brownrigg, the Admiral Commanding Reserves. But when it came down to hard tacks, the general attitude was "it will all come right on the day."

It was only a month before war was declared that the National Maritime Board managed to get an undertaking from the Government, that, in the event of conscription, merchant seamen would not be taken off their ships with their age groups. Plans were actually in existence to "press gang" them up to the nearest naval depots in no matter what part of the world their ships happened to be.

The plain unvarnished truth about our Merchant Service in 1939 is that we had neither the ships nor the men to undertake a major war, and nor had the Royal Navy. If Hitler had not been as incapable of understanding sea power as Napoleon, he would never have made us a present of the greater part of the world's shipping strength, by invading and estranging most of the maritime powers. Never could diplomacy or pressure have achieved such a result, and, just as Napoleon's limitation paved the road to his downfall, so Hitler's mid-European mind set him on the path leading to the obliteration of his Nazi edifice.



EVERY LITTLE HELPS.

Master Mariner Runciman: "Ahoy there! Cast off and chuck us a rope.
I'll give you the best tow I can."
[The Government is prepared to spend £2,000,000 in aid of British Shipping.]

"PUNCH"—July 11th, 1934.

ALLIED SEAFARERS.

When the history of this war is written, it may be concluded that Hitler's biggest mistake was to make us a present of the Neutral seafarers. These people, many of whose ships were far away from the war zone and fully manned, were not absorbed by the German occupation of Europe. The whole brotherhood of the sea is with us, for there are the Norsemen, the Danes, the Belgians, Dutch, Fighting French, Yugoslavs, Egyptians, Malays, and now the Americans. All the Axis can pit against them are Baltic-minded Teutons and Mussolini's Gondoliers. If Hitler had only hammered our supply routes first, before making us a gift of all this tonnage and (which is more important), of all these seamen, our position to-day might be very different.

THE PRESENT WAR.

At the commencement of the war, the Admiralty and the Merchant Navy were scrapping for good men, because there were not enough to go round.. (The present R.N.V.R. expansion was due to Admiral Sir Noel Laurence, Admiral Sir Studholme Brownrigg's successor, when the Government at last realised that merchant seafarers could not be co-opted for warships without jeopardising the Merchant Service.)

Many neutrals, spurred on by their experience in the last war, were putting their ships into the safe trades, which were being evacuated by the British. Others were demanding fantastic rates and conditions for the hire of their ships.

The fatal consequences of the "Scrap and Build" Scheme were now coming home to roost. To make good the deficiency in shipping Government was buying anything that might float. One British firm was asked to manage eight neutral ships which were each insured against loss (by the British taxpayers, not Lloyd's), for sums approximating to the price of a brand-new pre-war ship. These crocks were anything up to 30 years old, and some of them were swamped when taken from the narrow waters of the Mediterranean to face the North Atlantic winter. As much as £1,200 of Government money was laid out to delouse a ship and get the accommodation fit for use. Bills amounting to tens of thousands of pounds were incurred for repairs. It is deplorable that a pittance of the money poured into these wrecks had not been used for British shipping before the war.

PERSONNEL.

Government was anxious to prevent a recurrence of the experience of the last war, when wages chased the ever mounting cost of living, and industries were asked to co-operate in preventing this evil happening again.

At the beginning of the war, a great deal depended upon the Seafarers' Unions and organisations. If they were prepared to hold their members to a reasonable wage basis it would be difficult for other industries to claim war bonuses, when the seafarers asked no more. It is to the lasting credit of the Trade Unions that they succeeded. Indeed, since the war

started, no district of the National Union of Seamen has asked for a rise in wages. It would have been so easy to hold the country to ransom. So many others did.

For their part, shipowners wished to see the men fairly treated and therefore, in conjunction with the employee members of the National Maritime Board, they evolved what is called "Seafarers' Risk Money," which pegged any extra the seamen got to the peculiar circumstances of his calling. It is not generally realised how important this matter of stabilised wages became. People think that the British Merchant Service is manned by British white seamen. Such is far from being the case. I believe that the National Union of Seamen at the Trades Union Congress were allocated 64,000 votes, which represents about two-thirds of the men at sea. The other third comprises Newfoundlanders from the Cod Fisheries, West Indians from the Caribbean Sea, Africans from the Gold and Ivory Coasts, Somalis, Lascars by the thousand and Chinese from the Treaty Ports. If you go carefully through our Merchant Service, you will find pretty nearly every race and creed there, and all this heterogeneous collection keeps one eye focused on the British White Seaman, and will remain steady for just as long as he plays his part.

The National Maritime Board is a kind of "Whitley Council" of shipowners, and the officers' and men's Trade Unions, who are mandated to represent the case of the personnel. In practice, there is no arbitration; each side knows that it will need the other presently and mud-slinging in public by the

members is discouraged. The result is that for the last 25 years there has never been a major stoppage in the shipping industry.

SHORTAGE OF MANPOWER.

However, our problem still remains, lack of manpower. We are losing men, though, luckily, not so fast as we are losing ships; those who survive are going back again and again, and their nerves are getting frayed. Obviously our Allies cannot recruit men from their own countries to make good their losses. There is, of necessity, a large measure of dilution in time served and qualifications for responsible ranks. People are being stepped up more rapidly than their capabilities really justify; chances are being taken with ships and cargo which, in peace time, would cause an owner on the British Registry to be prosecuted under the Merchant Shipping Acts.

There is a form of conscription by the Essential Works Order covering the shipping industry. This order is administered, not by a Minister of State, but by the constituents of the National Maritime Board. Seafarers of ages considerably higher than the groups called up for the Services or other industries are retained at sea, or in the intervals ashore, in a reserve pool. Thus all available experienced manpower is kept within the industry. Even then there is not a month's reserve of most categories of seafarers; in some cases, particularly with the more experienced ranks and ratings, the margin is only three days. This includes men in the shipping pool who are notified as being sick. It is clear that any decisions affecting shipping must be preceded by a

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considerable amount of thought regarding the problems of these all-important white seafarers of ours.

Government, if one judges from speeches and inspired blurbs in the Press, recognises the manning problem but officialdom does not seem very different from what it was in the last war. The position is this; the National Maritime Board, which arranges the industrial affairs between owner and employee, administers through the Shipping Federation the Essential Works Order for the industry. There has been no difficulty on the industrial agreements, the cost of which are met by the owners, but when it comes to payments for war-like operations, injuries, loss of effects by enemy action, prisoner-of-war conditions and allowances, the industry has to approach the Ministry of War Transport which in turn must importune the Treasury. It has been found that our Government's treatment of its own people has been in marked contrast to its generosity to our Allies and the Neutrals.

SHIPPING AGREEMENTS.

When Hitler invaded the European countries, part of the various Allied Governments escaped over here. Most of them had no source of income with which to maintain a sovereign status, other than the earnings of their shipping. For purposes of prestige, it was thought necessary to make them feel independent, so the ships were paid enormous freights to cover two purposes; firstly, the hiring of the vessels and their crews, and secondly, the cost of upkeep of the refugee Governments. The result is that the rates of freight,

paid to Allied ships are far above those allocated to the British. How much is allocated to the Allied shipowner to assist him in post-war competition is not exactly known.

People in Government offices have a sublime faith that secret agreements made ashore never come to the ears of the men afloat who are affected by them. Nothing is further from the truth. British, Allied, Neutral and even, on occasion, Enemy ships, lie alongside each other in ports abroad ; secrets leak out and are magnified in the re-telling. The British seaman knows perfectly well all about the more generous terms arranged between the Ministry of War Transport and the Allied Shipping Ministers, for their seamen to do the same job that he, himself, is doing.



COUNTING HER DUCKLINGS.

"I sometimes wonder if I feed *these* enough!"

"PUNCH"—April 6th, 1938.

He knows all about the strike of the foreign crew in the ship in the next berth, which is destined for the same operation. He does not believe the official explanation of the sudden increase in wages, and, to his eternal credit, he does not strike for more money for himself. But he thinks a lot and worries about what will happen at the end of the war.

In the same way our merchant seamen have a very shrewd idea of the terms by which the Allied shipping losses are to be replaced. Many of them are signed on to take over new Diesel ships from one of the finest builders of this type—Messrs. William Doxford & Sons, Limited—and, when they meet numbers of Allied seamen bent on the same mission, who is to blame them if they get the idea that half the yard's output is allocated to the Allies?

Many people think it is about time that the Ministry of War Transport, the Foreign Office, and any other Government departments involved, came out into the open, and gave a straightforward account of their shipping agreements and commitments.

In all fairness it must be said that the Allied Ministers of Shipping have a difficult task. Of all the political and industrial organisations belonging to their countries, the only one left as a coherent nucleus, is that of seamen. In the reconstruction period, the seamen's accounts of the refugee politicians is bound to affect the judgment of the unorganised electorate. It takes a very strong man to say "NO" when it is easy to say "YES." But make no mistake about it—it is the British taxpayer who foots the bill.

ENTER THE U.S.A.

So far we have discussed our Allies. With the entry of the U.S.A. into the war, the new designation "United Nations" came into being, and so did a number of new shipping problems.

There is no doubt that this country underestimated the ability of Germany to wage sea warfare. The Treaty of Versailles had indirectly curtailed the training grounds of her seamen and it was confidently expected that personnel problems would minimise her maritime activities in the event of war. What no one seemed to have realised was that a large part of the United States Merchant Service was manned by Germans who were learning seamanship at the expense of another Nation. This made the personnel problems of the United States even more acute when they began their gigantic shipbuilding programme.

Meanwhile the British shipping industry had foreseen the manning difficulties facing the Americans and, early in 1941, it had warned the Ministry of War Transport of what results might be anticipated. Eventually a deputation representing the owners, officers and men of the Allied Nations met the Allied Ministers of Shipping and expressed its fears in no uncertain terms. Emphasis was laid on the fact that, in order to attain its maximum engineering output, American interests were conniving at Allied engineers deserting their ships for skilled shore employment. There was, in fact, no machinery in the U.S.A. for laying a deserter by the heels. Before going on shore leave, a seafarer could claim his pay to within a fortnight, and he could stay away for as long as a month with impunity. After the month had elapsed he was still not a deserter, but could be arrested for illegal entry into the U.S.A. under the Immigration Laws. In practice it was never discovered that skilled engineers stayed in the U.S.A. illegally !

Fears were expressed that the Americans would be incapable of manning the enormous output of ships which had been planned, at any rate, with the experienced grades so necessary for safety in convoy. Since then, repeated warnings of the gravity of the situation have been given : how well they were justified .

was evidenced some months ago by the following statement made by Mr. Richard C. Brockway, Director of the United States Employment Service for New York State:—

“No men whatever are available for the following eight occupational groups—chief mate, second mate, third mate, second cook and baker, able bodied seamen and the first, second and third assistant engineers.”

This manning question of U.S. ships may have very far-reaching effects. Unless some of these ships are transferred to fly another country's flag, or the Americans can make some arrangements for obtaining crews from their Allies, or the enemy sink many ships already in commission and the crews are saved, this very high shipbuilding output may prove an embarrassment.

A temporary relief has been afforded by the U.S.A. abandoning manning scales and allowing their ships to cross the ocean follow-my-leader in convoy, officered by men whose qualifications for their rank would not have been considered in peace time. This “watering-down” of manning scales is all very well, but in the long run it means an increased burden on the senior navigators and engineers, who have to make good the deficiencies in their junior staff. Many attempts have been made to solve the problem.

POOLING PERSONNEL.

One suggestion, which may seem superficially sound, is that all seamen should be interchangeable amongst the United Nations' ships and that there should be a common Allied Pool. However, when a flat rate of wages is agreed with men who have hitherto been paid on different scales, those who have been getting better pay refuse to have it reduced, and the remainder expect to be raised to the higher level. We must assume that, in the event of an Allied Pool being

established, we should have a new high ceiling of wages. An American able-seaman receives, in one way or another, about £81 a month for a round trip across the Atlantic. The British equivalent is £24. If our men were raised to the American level it would certainly not help discipline and it would assuredly cost the country an astronomical amount of money—particularly as our Allies must perforce follow suit.

There are also internal repercussions to be considered. A large number of marine engineers belong to the Amalgamated Engineers' Union, which has by far the greater proportion of its members ashore, who would not agree that only seagoing members received American wages. Undoubtedly, the dreaded contest of wages versus cost of living would begin immediately. The mixing of various races composing the personnel of the Merchant Service has been mentioned earlier. Difficulties have already been created in India and West Africa by the war bonus given to the Lascars and West Africans. As a result of a large jump in wages for white seamen, it is certain that Lascars, West Africans and Chinese would demand large increases which would have effect upon the internal economic structure of their own countries.

— THE OUTLOOK.

Nothing that has been said so far sounds very encouraging to the casual layman reader. How much worse does it seem to the shipowner, officer, seaman and shipbuilder, and to all those people of our country who depend on the shipping industry directly or indirectly ?

Some mention has been made of "invisible exports" of shipping. The peak figure for these before the war was £340,000,000, and the rock bottom figure, £75,000,000. Closely allied with them are the incomes from banking and insurance, for where cargo and sea

transport are arranged finance and indemnity usually follow. British shipping may not have earned many dividends between the two wars, but as a contributor to the national income, and so to the national trade, this industry is the finest investment the British ever had and the most worthy of support.

Do not make any mistake about it, unless the British public take up the cudgels on behalf of British shipping, the inhabitants of these islands will be at the mercy of aliens for transporting their commerce in peace time, and under the thumbs of foreign shipowners if war is threatened. Members of the Cabinet have quite blandly accepted as a fact that there will be a reduction in the "invisible exports" of British shipping. The Beveridge report covers itself for such an eventuality, because if the earnings of shipping fall and there is no alternative source to make up the country's income, social plans will have to be modified. That is an unpleasant prospect for the man in the street. How much more unhappy is the outlook for our seafarers who know that after each war money purchases less shipbuilding, and running costs and freights stabilise on a higher level, and that a fall in "invisible exports" under these circumstances means just one thing—many less ships. H.M. Ministers and members of Parliament may not know it—we hope they don't—but they have been telling the Merchant Service in so many words "Back to the scrap heap and back on the dole when the war is over."

This is not the worst of the outlook. Before the war our share of world trade between two foreign countries (which sometimes owed us large sums of money, and which often did not have ships of their own), was by official statistics, under 12 per cent., and by commercial experience, probably a good deal less. Our share of trade, where one part was within the Empire, had dropped to about 20 per cent. Whilst all eyes have been turned to the war, big changes,

industrial, diplomatic and domestic, have been taking place. For example, Petain's regime has disfranchised all foreign investors in French commerce. Frequently British businessmen financed French Companies, not so much as an investment, but to ensure markets for their exports, particularly coal. Most of the patent fuel manufacturing plants on the French West Coast were British controlled, and formed a steady user of Welsh coal. Another instance of Finance influencing trade is afforded by South America, where, prior to the war, British Nationals had large interests. These have been sold to meet our liabilities for armaments and assistance prior to the entry of the U.S.A. into the war. Argentine, in particular, who previously was a heavy consumer of British coal, now relies on the American mines. It is no good comforting ourselves with the thought that Welsh coal is the best in the world and its lost markets will come back. It was top of the list in the old days when foreigners bought large coal and wanted to see it delivered in big blocks abroad. Then they, like us, paid a premium for the size and provided the cook with a hammer to break it up so that it would go into the kitchen range. Scientific combustion has changed all this and no one pays a premium for the strong physical structure of Welsh coal, when the more friable New River and Pacahontas coals of the U.S.A. give a better chemical analysis.

The war has caused us to withdraw ships and coal exports from South America. These countries have accordingly switched over their machinery to burn U.S.A. coal and will require a good deal of persuasion to change back. The results are twofold. (1) British collieries have lost valuable markets, and this will mean increasing the prices to other consumers, especially to ships for bunker coal. (2) South America always supplied a large part of Britain's grain requirements for humans and cattle. It took coal in part exchange, and the freight paid for carrying the coal

went towards the cost of a ship's round voyage from the United Kingdom to the River Plate and back, thus reducing the freight for carrying the grain.

The industry is worried and John Citizen should be worried too. Surely, after two great wars and two devastating slumps, he must realise the vital importance of the Merchant Service in war and peace. Peace—when in the last three decades have we known peace at sea? If the enemy is not slaughtering our men and destroying our ships by mine, bomb and torpedo, economic warfare in so-called peace has turned our vessels into rotting and rusting hulks and translated their crews from proudly walking the decks to moping disconsolately in a queue for the dole.

PART TWO.

FUTURE POLICY.

IN formulating a post-war plan for British shipping it is fundamental to assume that public interest in the industry's affairs is sufficiently sensitive to insist on its prosperity.

After the last war, "the land fit for heroes to live in" very soon became nothing of the sort, and, as far as the Merchant Seaman was concerned, it is doubtful whether he was ever included amongst the "heroes." With a lively recollection of that era in our Maritime history, is it any wonder that, on all sides, afloat, ashore, in hospitals, in prisoners-of-war camps, the question is ever present—"What will happen to us when it is all over?"

This plan assumes that, come fair weather or foul, in the face of foreign subsidies, despite coastal and trade reservations and economic depressions, the British public will stand behind the British Merchant Service.

ATLANTIC CHARTER.

The Shipping Industry, ashore and afloat, is accustomed to Charter Parties (the documents drawn up when arranging the employment of tramp steamers). Compared with our commercial Charter Parties, the Atlantic Charter is very loose and non-committal. It is on the spirit which animated its authors and on the maintenance of that spirit that not only British but Allied shipping must rely. The following clauses in the Atlantic Charter seem to refer to shipping:—

"Fifth—they desire to bring about the fullest collaboration between all nations in the economic field with the object of securing, for all, improved

labour standards, economic advancement and social security."

"Seventh—such a peace should enable all men to traverse the high seas and oceans without hindrance."

Past experience has shown that the best international plans for seaborne trade are readily smashed by the cut-throat competition of the unscrupulous, the undermanned, the underfed or the slum competitor. If the whole shipping world is to be organised within the scope of the Atlantic Charter, there must be some method of enforcing responsibility and a minimum standard of ships and conditions.

A SHIPPING "CLUB."

The larger countries of the United Nations have a lot of seaborne trades under their control. Those trades might well form the nucleus of a "Club," within which only members could operate ships. Membership should be available to all who maintain a decent standard afloat. There would have to be penalties for members who let human frailties overcome high ideals. It takes integrity to see a freight market slipping away and available cargo getting less and less, knowing that one's ship may be stuck with no employment, eating her head off and losing thousands of pounds, when—by cutting a minimum rate and slipping a few pence per ton back to the Charterer—that ship could be safely employed and away out of trouble.

Even if individual owners and seafarers are above reproach, there would still have to be rules for Governments who, unfortunately, are only too susceptible to public agitation, which is usually swayed by the immediate situation. On the contrary, the shipping industry is based, by its very nature, on the long view.

Such a "Club" would entail alterations in more than a score of British Treaties and Agreements, some going back for a hundred years, and many that include "most favoured nation" clauses for countries which, up to the present time, have shown no qualifications to enter the "Club."

In its widest conception, the idea of a "Club" may be somewhat novel, but there have been many tentative proposals of something like it, none being wholly successful. When the League of Nations was formed, it had a section devoted to international labour questions, and a part of this section was occupied with the industrial side of world shipping. Many fulsome speeches were made on such subjects as over-loading, safety of life at sea, accommodation, fumigation of holds, lifeboats, &c. Conventions were duly signed by accredited national representatives. Then, for some obscure reason, those Conventions were left unratified and the same old abuses went on.

It is assumed that such cases as that already cited of a vessel being overloaded in the River Plate and "getting away with it," provided that her marks were visible when crossing the three-mile limit, will no longer be tolerated.

In the post-war world, it must be a *sine qua non* that all agreed standards of loading, accommodation, lifeboats, fumigation, &c., are applicable to every nationality and in every port.

STANDARDS OF LIVING ASHORE AND AFLOAT.

There is a fundamental difference between the agricultural, commercial and industrial competition of countries and competition between their ships. The internal standard of living and wages may give one country some advantage over another, but geographical conditions and transport limit the extent to which the cheaper nation can take trade away from the one with

the higher costs. On the other hand shipping, under a system of complete Freedom of the Seas, such as was tried by the British Empire during the last century, is not circumscribed geographically, and each ship carries within it the standard of living of the country whose flag she flies. As an example, one finds Japanese ships in freezing latitudes, with rice on the menu, and British crews in the tropics insisting on roast beef and plum duff.

Even if standardisation in all ships were possible, it would inevitably upset the social structure of backward countries. Thus the Lascar, after a six month's voyage, taking home the wages of an American A.B., would never need to work again. Parity in wages and conditions at sea will only obtain gradually and concurrently with the rising standards of the shipowning country's population.

It is no good throwing wide the portals of the " Club." Admission must be controlled.

ON TYPES OF SHIPS.

Any post-war plan for the Merchant Navy is not so simple as it seems at first glance, because of the diversified types of ships and trades which modern commercial development has brought into being. To generalise, there are four main classifications in which vessels can be grouped. (The list is not necessarily in order of importance from the point of view of capital, tonnage, number of people employed, or any other yard stick which a maritime country may adopt.) These classifications are:—

- (a) *Passenger Liners.* In this section, in addition to ships which regularly ferry passengers across the Atlantic and other Oceans and Seas, there are cruising ships, coasting pleasure ships and passenger ships which may carry cargo, but whose design is primarily for human freight.

- (b) *Deep Sea Cargo Ships.* These vessels may be either liners or tramps: they may run entirely on a fixed route or they may wander about the world "seeking for cargoes." Sometimes they are liners for one part of the voyage and tramps for the next. On occasion, Liner Companies finding a market producing more than was expected, charter tramps to augment the liner berths. If a market fails, it is no unusual thing to meet a liner tramping.
- (c) *Short Sea Traders.* These ships often work in foreign markets but, by their design or size, are restricted to localised trades such as those which exist round the North Sea or the Baltic, the Dutch East Indies, the Great Lakes of the Northern American Continent.
- (d) *The Coasters.* These may either run on lines, ferrying coal, oil and other cargoes, or as tramps. It is an interesting sidelight on what may be expected from air competition that the sea, in spite of the longer time shipping takes, can still compete in taking coal from Newcastle to London with direct railway lines.

For the moment, it would be wise to concentrate on (b) and (c), because cargo is fundamental to shipping as a whole, and the system adopted for regulating the sea-borne carriage of goods could well be adjusted to suit passenger trades.

ON TYPES OF CARGO SHIPS.

Cargo ships may be sub-divided into scores of categories. People do not always realise that there are more types of ships for specialised jobs than there are makes and varieties of motor cars and road transport vehicles.

A ship may be a single decker for heavy concentrated cargoes like coal, phosphates, ores and scrap iron.

Another ship may have two decks and be designed with a large cubic capacity for grain, cotton and other products which are lighter and take up more space to the ton. There are ships with three or more decks for general cargo : ships specially designed to carry timber : shallow draft ships : refrigerated ships for fruit or meat : fast ships—ships that eat bunkers : slow ships that can steam on a low cost : ships for the great Lakes and for the Manchester Ship Canal, for the Irrawaddy, the Yangtze and the Danube. There are whale-catchers and their parent ships which are actually floating factories, converting the carcasses to their constituent by-products as quickly as they are caught. There is a boat built by the Caledon Company for the Australian coast which was specially designed to carry hogs. These are loaded in her well deck before dawn. In the heat of the day they swell and pack tightly, and then the ship proceeds upon her coastal journey. In the evening a hose is played on the hogs and, so I am told, they then shrink and are able to walk happily ashore !

INTERNATIONAL EXCHANGE OF TRADE.

The whole complicated edifice is based upon, and wholly supported by, the international interchange of sea-borne travellers and goods. For the British Isles and the British Empire, their overseas communications are vital to commercial, economic and strategic security. Some of our Allies think their ships just as important to them. To other nations of the world, shipping is merely one method by which money can be earned to pay for purchases abroad.

It is noteworthy that, in the past, world economic nationalism has strangled trade and thus removed the source of employment for ships. Human nature does not change overnight, and politicians are unlikely to run counter to the clamour of their unemployed constituents if, by some national selfishness, they can

effect • temporary appeasement. Thus, when conditions revert to normal, we may expect some people to attempt to gain unfair advantages, and the real test of planning will then begin.

One point to remember is that for centuries, in order to keep the seas free and safe for all to trade, this country has maintained an expensive Royal Navy, which has been largely supported by the earnings of our commercial shipping. The Navy, in the course of its services to our own Marine, has benefited others who have been saved the expense of providing protection for their shipping.

LINERS AND TRAMPS.

As the world expanded, its commercial and agricultural industries began to produce surpluses and ships were in demand to provide seaborne outlets for exports. Generally speaking, world trade routes were opened by tramp ships—in the early days under sail, and in more modern times powered from coal or oil. At first, the quantities were insufficient to fill complete ships and the super-cargo—the travelling freight manager in each ship—organised the cargoes. Afterwards, a trade or industry which grew big enough would accumulate its products and periodically charter an entire vessel to itself. The final development was when the movement which began spasmodically became regular in their demands for freightage, and shipowners put liners “on the berth.”

Let us be clear about these terms, “liners” and “on the berth.”. The definition of the former is not a type of ship but a method of employment. There is many a tramp ship which is far more costly to build, better equipped and providing better conditions for her crew than are some liners. Most tramps at a pinch can substitute for many varieties of liner should the latter fall out of position due to stress of weather or other causes. The liner is a specialist—super-

efficient for one job and, if that job goes, often a sorry competitor for another. The tramp is a compromise and the maid of all work.

Now for the term "on the berth." In modern practice, there are many parts of the world where a regular export trade in manufactured goods is maintained. It is advantageous to the firms which produce these articles that ships should always be available to accommodate their exports and provide steady clearance of storage and inland transport, and at the same time produce an authentic and negotiable document (called a Bill of Lading) acceptable to a banker. The liner is put "on the berth" to fulfil these requirements and she stays "on the berth" for a specified period, so that all the arrangements can be made. Her owner's agents and the shippers fix things up and the cargo is sent on board piecemeal.

The consignments for a liner come forward in dribs and drabs: they are a heterogeneous collection from knitting needles to statuary, digestive tablets to a prize ram, alarm clocks to a steam-roller, caviare to cow-hides: in fact, the counterpart of everything you see, wherever you are, has probably been shipped overseas sometime. Liners, therefore, have to stay in harbour for a considerable period whilst their cargoes are being assembled and stowed, and this costs money—a lot of it. There are dues payable to the Harbour Authorities for entering the port, outlays for cranes, water, boatmen, tugs and warehousing—all sorts of charges, and the longer the vessel is in harbour, the heavier the bill. And the ships themselves cost a lot of money each day in wages, food, stores, lighting, heating, interest on capital, &c. Then, to make up for the long delay in harbour, the ships have to steam faster between ports. Liner work is, therefore, more costly. Generally speaking, the more valuable the cargo or the smaller the lots received, the more freight has to be paid.

When the ship's agents have booked all the special cargo going, they turn to bulk commodities such as grain and ores to "fill up." At certain seasons there is too much bulk cargo needing space and too few liners to give it. So that is where the tramps come in—to carry what is left over in different parts of the world, at particular seasons of the year. Sometimes, shore industries become so big that they can easily fill a tramp without having to accumulate cargo for long. Then, they are apt to forsake the liners, with their expensive rates, for the cheaper (if slower) tramps.

CHARTER PARTIES.

In order to do this, they appoint a ship-broker to charter a tramp and an Agreement called a Charter Party is drawn up. This has a number of clauses besides those guaranteeing what the ship can load, her average speed, her insurable classification and the rate of freight to be paid. It is very important to the tramp shipowner who has to run "on the cheap" (because so many of his cargoes cannot afford high freights), that he should not be kept hanging about in port running up bills. So there are clauses in the Charter Party apportioning the blame or credit for occurrences which may cost the owner more than he expected, or save him money. For instance, if the ship is loaded more quickly than the Charter Party stipulates, the owner pays "despatch money" as it is called: if the reverse happens, the charterer pays "Demurrage," and, if, things go badly, he may be liable to "detention," which is very expensive. Therefore, the merchant or exporter who takes advantage of the cheaper tramp must think ahead, and make his arrangements in advance and lose the advantage of freight space waiting at the docks for his decision to ship.

CONFERENCES.

It sounds as if the shipper of goods can get the best of both worlds by using the liner system on some occasions and the tramp on others, but that is just what he is prevented from doing. The liners have no intention of shouldering very heavy liabilities only to find shippers playing them off against the tramps. So they have formed protective organisations called Conferences to regulate the conditions in the various seaborne trades. (Curiously enough, these Conferences were often established by Free Trade Shipowners!) A Conference, on behalf of its members, will agree terms with producers, exporters, and shippers, and will guarantee a number of regular sailings for their convenience: but woe betide the person who falls to the temptation of chartering an inexpensive tramp.

The Conferences collect their freights in full, but there is a system of Rebate which is returnable only to those who ship exclusively by the liners belonging to the Conference Members.

It might appear simpler to run the whole of the carrying trade on the Conference system and eliminate the fear of rate-cutting. However, geographical and Physical conditions have made this impracticable. There is a seasonable rotation of crops and produce all over the world. Thus, the Argentine may be very busy in the heat of our winter and the St. Lawrence will be frozen up. Australia does not shear sheep at the same time as we do in England. When we have forgotten about fires in our homes, South Americans are beginning to light up. There is lumber from Vancouver when the Baltic ports are sheeted with ice. Furthermore, not only is there a cycle of production, but there is also a cycle of consumption which is due to both geographical and to economic causes.

It is clear that the demand for shipping in a given part of the world cannot be constant throughout the year, and it would be financial suicide to put the same number of liners "on the berth" month in and month out. So, in a well regulated trade, the liners take care of the demand during the "off" season, and when shipping is at its height, the maid-of-all-work, the tramp, comes along and lifts the less valuable and more bulky cargoes, leaving the liners to carry the special and more lucrative freights. This cycle of trades is the key to the whole position.

The liner is, above all, a specialist, and is tending to become more so. Therefore, when, for one reason or another the trade for which a liner is designed disappears, she is in a poor position for finding other employment. If she is a Pacific ship, she cannot get up the Danube, let alone turn round in Rumanian ports: if she is designed for the Australian trade, she will not fulfil the requirement of a Soviet Trading Organisation, and so on. If boneless meat has come to stay, as well as dehydrated fruits and dried milk—what is to happen to the refrigeration specialist?

To return to Conferences: when they originated, there was not an unreasonable number of ships "on the berth." During the last decade, however, certain of the subsidising countries—particularly those now known as the Axis—forced their way in by cutting rates to ribbons, making Rebates ineffective. Once inside the Conferences, these new members obtained further help from their countries to divert an unfair proportion of a particular Conference's trade into their ships. There is ample evidence that, not content with this, they bribed shippers by giving Rebates in excess of the rates authorised by the Conferences. This meant that privately owned liners, especially British, unbacked by their Governments, were forced to carry tramp cargoes at ruinous rates on liner costs: whilst

British tramps were workless and rotting in the Fal, the Gair Lock, the creeks and estuaries of these islands the ships of some countries were sailing nearly full, subsidised into the bargain by their Governments.

The pre-war set-up cried aloud for planning. The present situation is favourable, but if left to develop of itself the scramble and heart-burning over employment for existing ships, may well plant the seed of another war.

War losses have reduced the number of both liners and tramps, but the potential provision of freight space is far higher than was ever dreamed of in pre-war days. The ships which Americans are now building are Atlantic vessels only. They are makeshifts, ill-equipped for the specialist work of the different trades, but they are boxes which can be used—though uneconomically, being saddled with fantastic capital charges. Given sufficient subsidies, they can nevertheless rob the efficient vessel of her power to live.

NATIONAL MARITIME BOARD.

Any survey of British shipping would be incomplete without mentioning the machinery set up to regulate the conditions of employment in the industry. One of the greatest pleasures a student of industrial relationships can have is to sit on the National Maritime Board. The days are gone when one side was Conservative or Liberal (if a shipowner member of a Conference can be called a Free Trader !) and the other Socialist ; when one side tried to get wages down and the other agitated for a rise ; when tempers were frayed and "winning-the day" often obscured the issue of what was best for the industry.

The principle underlying the structure of the Board is commonly known as the "Whitley Council," on

which representative employers and delegates of the interested Trade Unions meet to effect agreements. Unlike the conciliation machinery of some other industries, the National Maritime Board has no independent Chairman, that position being held at alternate meetings by a shipowners' or a seafarers' representative. Arbitration has never been sought and Press statements are agreed by all sides before issue. Thus, playing up to the public and manoeuvring to impress an independent Chairman or Arbitrator is not possible, and, as each side knows that the day will inevitably arrive when it will want the other's help, they both turn to and try to thrash out their difficulties without any intermediary. The proof of the pudding is in the eating and a quarter of a century without a major stoppage certainly suggests that the National Maritime Board is a good confection.

THE EMPLOYEES SIDE.

The whole attitude of the employees' side of the Board has been most praiseworthy and patriotic throughout the war. Their constituents share with the Prime Minister the credit for having saved civilisation. In any post-war plan representative seafarers have earned a position of responsibility and participation. This does not mean that the Shipping Trade Unions should venture into ship management, any more than shipowners should concern themselves with the details of the Trades Union business, but representatives of the employees' side of the National Maritime Board should be included in the administration of any international shipping plan.

COASTING TRADES.

So much for the general picture. It will be noticed that most of the argument centres round deep-sea trading. This is because coasting has always been

regarded as the sovereign right of the nation owning the coasts. This right has been recognised by the British Government to the Republic of China in a Treaty for the Relinquishment of Extra-Territorial Rights in China, signed at Chungking, 11th January, 1943. Thus a non-maritime nation is conceded the authority to clear her coasts of British ships which have been largely responsible for developing her trade. It was the pre-war practice of most countries to reserve their coastal trade for their own ships—the British always excepted!

Some nations had a rather exaggerated idea of what constitutes coasting. For example, the United States regarded a voyage from New York to San Francisco via the Panama Canal as within this category, and the French had the same idea about a trip from Algiers to Rouen.

Perhaps the fairest way to describe coasting is a voyage during which the vessel never proceeds outside her country's territorial waters. If this is generally accepted, it simplifies the shipping plan.

PLANNERS.

Planners usually fall into two categories, the one who wants to tear down everything, obliterate experience from the picture and erect an entirely new structure which it is hoped will eclipse all previous productions and, incidentally, reflect a modicum of credit on the foresight of such an advanced individual. The second class is reactionary, and although of his experience he knows that changes are imminent and, more important, necessary, he grudgingly concedes—bit by bit—those reforms and arrangements which are inevitable and would be better given with generosity and co-operation. Usually the practical route to reform is by a compromise between the two schools.

THE PLAN.

The Tramp Shipping Administrative Committee and the policy of International Freight co-operation faltered because there were no sanctions except in the British case. The scheme was built round tramp shipping, with spasmodic outside assistance from the Conferences.

The new plan should be built round the Liner Conferences, of which there is one covering nearly every trade in the world. In future, these Conferences should include tramp representatives. The liner side should not maintain the excessive tonnage included in pre-war days, but a reasonable amount sufficient to provide for the *average* monthly traffic.

The Conferences have ample records and statistics on which a fair apportionment can be based, and any subsequent adjustment could be made by the two sides, liner and tramp.

When there were large crops or other exports to be moved, the balance would be taken up by tramps : when there was a shortage, then the tramps would not be used. What would happen is this : The liner owners would make their plans for putting ships on the berth all over the world. At certain seasons, the usual rotations of crops would more than fill the liners. It always has been and would still be the business of tramp shipowners to judge exactly when and where this would take place. The tramps would be free to use their initiative in proceeding from market to market, but on arrival within the ambit of a Conference, they would come within its jurisdiction and be subject to its rulings, minimum rates of freight, Charter Party conditions, &c. It would be a matter of international Treaty that no cargo would be accepted by any country unless brought in a ship certified by the appropriate Conference as having conformed to the rules.

An essential condition of admission to any Conference's trade must be the absolute conformity of a ship to all Conventions, Agreements, and Treaties covering safety of life at sea, welfare, manning, &c., as well as to any agreed standards for improving conditions afloat.

Thus, the formation of a sort of "Club" for shipping the world over is suggested, but a very different kind from that envisaged by the "Freedom of the Seas." In the latter, all were members and the better ones tried—and failed—to raise the status of the rest. In the "Club" you cannot be eligible until you attain and maintain an agreed standard of accommodation and conditions on board your ship.

At first sight this proposal does not appear to present any difficulties, or only ones of adjustment and administration. However, there is the goodwill of many foreign countries to be obtained, and not only goodwill, but their active support in passing penal legislation to deal with defaulters.

THE AMERICAN VIEWPOINT.

There is one new and very important factor to consider. It is quite clear that the U.S.A. intend to operate ships in peace time, no matter what it costs, and that they want their ships to go to sea and not become moored hulks as they did in the late 1920's. Rear-Admiral Emory S. Land, War Shipping Administrator and Chairman of the Maritime Commission, in addressing the Maryland Historical Society at Baltimore, Md., on the occasion of the Maritime Day Observance, mentioned various suggestions he would make with regard to American policy covering the United States Merchant Marine with primary reference to "our after the war positions." These suggestions were:—

- i. Private ownership, private operation and private construction.

2. Ship American : travel America.
3. Our goal is to ship a liberal percentage of our overseas traffic in American bottoms.
4. Set up proper routes, lines and services with a minimum of American competition, as foreign flags will furnish all possible competition necessary.
5. Study seriously all indirect lines as other leading maritime nations have done. We have every right to compete on indirect lines.
6. Modify previous Maritime Commission policy by thoroughly considering and adopting tramp shipping.
7. Maintain our present policy of holding title to new ships.

"As a nation of 135 million people," said the Admiral, "we are entitled to 15/20 tons of shipping." (In shipowners' parlance this represents 1,500 to 2,000 ocean going ships.)

There is a lot to query in Admiral Land's premises and calculations. If he is justified in using population as the basis for shipowning he may not have considered the inferences, should China, Russia and India use the same yard-stick.

It is no good disguising the fact that the Americans have money to burn. They were rich after the last war and the ships they then operated were flooded with money to force admission to and obtain a large influence in the world's maritime affairs. The same thing will happen again, and it will re-start the whole unhappy economic struggle which was largely responsible for the present war. Russia, also, will enlarge her merchant fleet.

America and Russia have therefore got to be satisfied and brought into the plan.

Let us see how tonnage was distributed amongst the different nations before the war, and if some adjustment can be made.

PRE-WAR SHIPPING COUNTRIES.

The following table shows what ocean-going cargo vessels were owned by the United Nations as at the 1st January, 1936. These figures (with the exception of those for South Africa), were taken from the Maritime Statistical Handbook, 1936, published by the International Labour Office. These are the latest records, but, doubtless, figures for 1938/39 could be worked out.

Great Britain (26½% of the world total)	2,004
Canada	23
Australia... ..	5
New Zealand	22
South Africa	3
India	3
U.S.A.	585
U.S.S.R.	207
Latvia	83
Esthonia	59
Greece	456
France	324
Jugoslavia	75
China	19
Netherlands	282
Netherland Colonies	17
Belgium	84
Norway	840
Poland	18
Denmark... ..	344
	<u>5,453</u>

At that time the Axis ocean-going fleets were composed as follows:—

Germany... ..	809
Italy	384
Japan	697
Bulgaria	2
Rumania... ..	9
Finland	150
	<u>2,033</u>

WHAT THE AXIS DESERVE.

In equity, if some one has to give up shipping to make room for newcomers, it is the undesirable element which should suffer. The Axis countries, by their treatment of merchant seamen, their unscrupulous U-boat and aeroplane warfare against defenceless merchant ships, and their deliberate economic attacks on other people's established trades, have shown themselves to be wholly unfitted to be numbered amongst the maritime nations of the world.

If the Axis won the war, there would be precious little merchant shipping left to the United Nations. And so it is logical to substitute the American and Russian flags for the number of ships operated by the Axis before the war.

PRELIMINARY STEPS.

In the meantime, there are one or two preliminary steps to post-war planning which might well be taken immediately.

- (a) As already mentioned in the first paper, the Navigation Act has never been repealed. An Order in Council should be promulgated forthwith re-instituting those Laws, not against the world as Cromwell instituted them but against Axis shipowning countries.
- (b) The Foreign Office should be instructed to overhaul all Treaties affecting shipping, including the Treaty of Utrecht and those containing "most favoured nation" clauses, which have been honoured (except in this country) more in the breach than in the observance.
- (c) The Government should collate and prepare revisions of Maritime Conventions at Sea which.

will be to the ultimate benefit of the men who go to sea. It might start by revising the Merchant Shipping Acts, instituted in Queen Victoria's reign but apparently devised to control the activities of Noah.

- (d) A declaration should be made to the effect that all trades which have been filched by the Axis or have been affected by the decrees of the Vichy Government and their collaborators must be restored to a pre-war *status quo*.
- (e) A declaration should be made by the British Government, preferably supported by the Dominions and backed by as many Colonial Legislative bodies as possible, to the effect that, after the cessation of hostilities, it shall be the aim of the Government, and one of the planks of the political platform of every member of the War Cabinet, that there shall be an adequate and strong Merchant Fleet under British ensigns.



THE LITTLE SHIPS SAIL ON.
"PUNCH"—September 4th, 1940.

AN IDEAL.

Finally, there is one clear duty before the United Nations. It is to declare that the Freedom of the Seas shall be revived, not in Victorian hypocrisy, not in totalitarian discrimination, but on the basis of a minimum standard of wages, conditions and treatment on board ship. "Freedom of the Seas" can no longer mean "behave and do as you please." In future it must be synonymous with a standard of decency and progress on the Seven Seas practised by every maritime nation.

"Freedom of the Seas" must not revert to its pre-war conceptions; liberty to trade in British waters, carry British cargoes, squeeze out British ships, put British seamen on the dole, and then forbid British ships entry into any trade the foreigner can control.

Shipping is our heritage. We must not betray the trust bequeathed us but transmit it to our successors, better equipped, better managed, and manned by finer seamen and more skilled engineers.

It is by sea power that we built our Empire and it is by the sea that we can lead the world into industrial peace and economic integrity.

PART THREE.

THE ROYAL SOCIETY OF ARTS.
PROCEEDINGS OF THE SOCIETY.

THIRD ORDINARY MEETING,
WEDNESDAY, 18TH NOVEMBER, 1936.

THE RIGHT HON. SIR HALFORD J. MACKINDER, P.C.,
Chairman, Imperial Shipping Committee, in the Chair.

THE Chairman, in opening the meeting, said :
I have to introduce, so far as he needs introduction, my friend Mr. Watts. I will only say two things in regard to him. The first is that he is an owner of tramp ships, and a tramp ship owner must be a very exceptional man of business. He is playing a game of chess all the time. He has to think not only of the next move, but of the next but one, and of moves still further on. His ship goes, say, from British Columbia to Australia with lumber ; shall she convey a cargo of wheat thence to Japan or to Great Britain ? The answer depends in part on the likelihood of finding a fresh cargo, say a month hence, at the selected port of destination. In the old days ship-owners had to leave such matters to the captains of their sailing ships, who roamed about the world often for two or three years at a time, and all was well if they returned home with a profit. To-day the owner guides the course of his ships, seated at the end of the cable and reading the news of each day.

My second point in regard to Mr. Watts is that he is Chairman of the Shipping Federation, which has to do with the manning of our merchant ships. He is there concerned with the human side of the industry, and no doubt it is due to that fact that the idea struck him of a scheme for tying individual schools to individual ships, so that a school writes to a ship, and the ship's officers write to the school, and the school learns geography and business in a concrete way. That was a stroke of constructive imagination which we owe to Mr. Watts. You will find that he is a man of very definite opinions.

The following paper was then read :—

THE FUTURE OF THE BRITISH MERCANTILE MARINE.

BY

E. H. WATTS.

A mercantile marine is a service as well as an industry, and its importance in war time is so great that no commercial policy should be adopted without the fullest consideration of the needs of imperial and national defence. Most great powers have long recognised this, and have increased the strength of their merchant navies by protection, reservations of valuable trades and large building and running subsidies, none of which measures can be justified economically. Yet, although our national and imperial needs are so very great, and although we support a population which cannot even be fed without overseas transport, the official attitude—it can hardly be termed policy—towards our shipping industry has been strictly commercial. Indeed, it cannot even be justified commercially.

Those of us, who for many years have criticised the Government on this point, were gratified by the passage in the King's Speech at the opening of Parliament, which stated that the Government was "deciding what measures are required to secure the maintenance of a mercantile marine adequate for the needs of the country." Nevertheless, such an assurance would have been more timely four or five years ago, as unfortunately it is now no longer a matter of maintaining our merchant navy, but of building it up and of providing an adequate supply of cargo-carrying ships. Does this mean that the shipping industry requires large subsidies to enable it to regain its lost ground? In the initial stages, the answer is undoubtedly "yes," and more and more public money must be earmarked for this purpose until such time as the Government is prepared to pursue a virile and effective maritime policy. Before considering the measures to be adopted, let us examine the present position from all angles.

First of all, we must estimate the value of British cargo ships to the people who should chiefly use them, *i.e.*, British importers and exporters. Our imports come from all the markets of the world, and the freights are secured by the cheapest vessels available, and that these should frequently be foreign ships does not seem remarkable. But what about our exports? It would seem that British tonnage, being on the spot, should have an advantage here, but the exporter, to compete in the world's markets, must use the cheapest available transport, and British ships cannot fulfil this requirement. As long as some countries have a lower standard of living and lower operating costs, and other nations are prepared to compete with them by granting subsidies, trade reservations and un-economic assistance, it is obvious that a mercantile marine which enjoys none of these advantages, costs more to employ and must ultimately cease to exist.

In the days of our unchallenged maritime supremacy,

we were the pioneers—indeed, almost the monopolists—of mechanical ocean transport. In this enviable position, we gradually built up our modern traditions of safety at sea, upkeep of ships, and scales of manning and wages. The prosperity of the industry was so great that it could afford to expend money to maintain high standards. Now that economy machinery and economy ships are universal, these standards are a serious handicap to us, and offer advantages to many of our competitors who do not impose the same conditions on their fleets.

It is, therefore, obvious that British ships cannot be the cheapest ships, and this being so, is there a commercial justification for a British mercantile marine? If we study our competitors, there is considerable evidence in its favour, especially if we take a long view. They can be divided into three classes:—

- (a) Mercantile Marines of countries ruled by dictators.
- (b) Mercantile marines of countries like the United States of America, whose overseas trade was stifled by the withdrawal of British shipping in the Great War, and who subsidise ships as a safeguard for the future.
- (c) Mercantile marines of comparatively weak and politically minor nations.

I do not imagine our importers and exporters would care to rely for their transport services on either (a) or (b), who would hardly give them the same facilities and freights as their own competing industries. But what about (c)? Is there any objection to the use of the services of smaller nations such as Norway, Denmark, and Greece? Here the question is, could these nations alone be relied upon to render us adequate service in peace and war time? I think it would be a serious gamble, and eventually the stronger nations would "squeeze them out." We should then be at

the mercy of the dictator countries or other great nations, who could hardly be expected to consider our national needs before theirs. In this event, the consequences would be so overwhelming that the commercial aspect would be swamped. If, however, such a state of affairs can be envisaged, the price which would have to be paid for foreign ships then would be far greater than the extra cost of maintaining our own cargo fleet.

Therefore, I suggest that in spite of our economic freight level being higher than that offered by our competitors, the support of a British mercantile marine is a commercial proposition and an insurance against grave risks.

The next aspect to be considered is the value of our merchant navy from the point of view of national finance and employment, and the contribution made by shipping to the national balance sheet. The imports of Great Britain are far in excess of her exports, and therefore the receipts from exported goods do not cover payments made for those imported. However, a great part of the balance of our exports is made up by services which we render to the world, such as banking and insurance, which have their centres in London, and the profits from these transactions add to the national purchasing power. Moreover, our investments abroad bring in dividends, and in times of prosperity yield large returns. Income from such sources is classified as "invisible exports," and the earnings of shipping are also placed under this heading. The contribution made by the shipping industry in pre-war days was little short of £100,000,000 per annum, and in the exceptional year of 1920 amounted to no less than £340,000,000. Lord Zetland, during the last session of the House of Lords, stated, on behalf of the Government, that the figure had fallen to £75,000,000 in 1935. This appears to be only £25,000,000 short of the pre-war level, but the figures do not present a fair,

comparison, because in 1914 we were on the gold standard, and in 1935 the currency was a depreciated one. The "invisible exports" of shipping services have in many years made just the difference between a credit and a debit in the country's "trading balance sheet."

Should the income from our mercantile marine dwindle further, and eventually disappear, the country would be faced with the extremely difficult, if not impossible task, of balancing the national trading accounts. Ultimately, a debit on national trading, if continuous, would jeopardise the balancing of the Budget, and the vicious circle completed by the consequential damage of our banking and insurance.

The last aspect of the value of our mercantile marine to be examined in this series is its supreme importance in time of war, when the necessity for adequate communications and transport ranks above any other. It is our cargo-carrying fleet with which I am concerned, and I include in this term tramps, cargo liners and passenger liners with appreciable cargo space. It is by our cargo ships alone that we can feed our population, and they must bring in the enormous quantity of raw materials essential to the successful prosecution of a war. Passenger liners have their special uses as troop carriers and hospital ships, but are not germane to our present discussion.

I undertake to prove to you that the present cargo section of the British mercantile marine is utterly inadequate for the responsibilities it may be called upon to shoulder. It may seem to you that as we now have over 1,000 less cargo ships than in 1914, this fact is self evident, but it has apparently escaped the notice of the Government. Two years ago, the tramp section of the industry asked for a subsidy to enable it to carry on. Two million pounds were granted and simultaneously the President of the Board of Trade

produced his "scrap-and-build" scheme. Under this, to qualify for Government finance to help in building cargo ships, two tons must be scrapped for every new ton constructed. In other words, Mr. Runciman evidently thinks it advisable to reduce the number of our cargo vessels drastically, and supposes that the remaining "pocket" fleet would somehow or other prove sufficient, in spite of experience in the Great War.

It therefore seems advisable to attempt an estimate of what is "adequate" if such an emergency arose, and the increase necessary in our Merchant Service to make it self-sufficient. I should like to emphasise that although we have only 1,856,357 gross tons less on the registers than we had in 1914, this does not reveal the actual position. For, firstly, passenger and cargo vessels are taken together, and since pre-war days passenger ships have greatly increased in size; so much so, that these combined figures have disguised the reduction of cargo tonnage. Secondly, cargo ships themselves have also become larger, as owners have been gradually forced out of the small ship trades. Thus, compared with 1914, not only have we less carrying capacity, but it is concentrated in many fewer ships.

Recognising this position, the Chamber of Shipping has made a detailed analysis of the registers to obtain the ocean-going carrying capacity of ships under the British flag. This has meant discarding the academic gross tonnage system in favour of deadweight tonnage, on which a shipowner operates his vessels. This investigation shows that we have 17,500,000 deadweight tons.

To help us in assessing the war-time position, we will suppose that these ships are operated as units of a single fleet, because during the early part of the Great War, it has been estimated, there was a

20 per cent. waste in operation due to divided control. This we will consider to be eliminated. The freight contract this fleet will be required to undertake amounts to at least 50,000,000 tons annually of food and raw materials. One of the primary calculations is the average number of round trips which each cargo ship is capable of performing under war conditions. Loss of time must be taken into account, over and above that usually allowed for loading, discharging, effecting repairs and undergoing surveys, owing to the delays of the convoy system. A good average would be three round voyages (for example, to Australia or to the Plate, to Montreal, to Vancouver or to the Far East and back). Thus, by using each ship three times each year, we have 52,000,000 tons capacity to carry our 50,000,000 tons of cargo per annum. Superficially, this may seem sufficient, but allowances have to be made for a number of factors.

First of all, bunker space must be reserved, and an average of 10 per cent. is a reasonable minimum. This, translated into deadweight tons, gives an immediate shortage of 3,000,000 tons, or 150 ships.

Next, the provision of adequate bunker supplies throughout the world must be organised, and as a general rule these will be delivered by ships *en route* from this country to collect their return cargoes. The experience of the last war showed, however, that some extra ships have to be detailed for this work, and allowing a minimum of 60 vessels, our fleet is already 210 ships short.

Then, nearly half of the Merchant Service, including one-third of the cargo ships, burns oil fuel, and it is almost impossible to estimate what provision will be made for our supplies. The British tanker fleet can carry sufficient for our Royal Navy, but there will be little left over for even the other fighting services, quite apart from the needs of road transport and

power stations, &c. Presumably, Neutral tanker tonnage is to be relied upon to fulfil these requirements, and provision will have to be made to supply our cargo vessels. The position would be desperate indeed if our oil-burning ships proved useless owing to lack of fuel.

The next factor to consider is the measure of success likely to be achieved by enemy commerce raiders, during the period when our ships are gradually moving into their war-time organisation. This should take about three months, and it would be surprising if less than 50 ships were lost before they could assemble for protection by the Royal Navy.

Here, I should like to cite a concrete example of the equipment of a first-class power to carry out commerce raiding, should the need arise. The country is Japan, and I do not want to suggest for one moment that she is likely to be our opponent, but rather to show how far we are behind others in our preparations—to use that extremely diplomatic phrase so beloved of politicians—“should an emergency arise.” The Japanese are constructing a series of 20-knot 10,000-ton deadweight oil tankers. From a commercial point of view, these ships can, by no manner of means, be justified. The highest economic speed for a modern tanker is 12 knots, but the extra 8 knots, would, it is obvious, be invaluable in war time. It would be possible to organise a striking force of warships, incorporating the 20-knot tankers, which would steam with the fleet and make them independent of bunker ports. On the other hand, these tankers might themselves be utilised as commerce raiders, and by burning the fuel carried in their 10,000-ton capacity they could steam round the world damaging merchantmen, whilst being independent of any port of call, and, indeed, untraceable by ordinary naval standards.

I think you will agree that in the opening months,

of a conflict, 50 ships is a conservative estimate of losses due to raiding. This brings the shortage up to 260 ships.

Further allowances must be made for submarine activity. Although anti-submarine devices have greatly improved, and I understand we need not fear a recurrence of the disastrous losses sustained during the Great War, when at one period every fourth ship leaving this country was sunk, nevertheless, some measure of success would be achieved, and I propose to allow the minimum figure of 50 losses from this quarter. The shortage is now 310 ships.

It is pure conjecture to estimate what the casualties may be from enemy aircraft, but the bulk of our grain- and cargo-discharging facilities are situated on the East Coast, and to reach them merchant ships would be extremely vulnerable to attacking raiders from the Continent. Our losses might be as high as 150 vessels in the first year. This brings the shortage up to 460 ships.

What is perhaps the greatest danger to our food supplies is damage to ports by air attack. If the grain-discharging facilities of the port of London were put out of action, incalculable delay would be involved in landing cargoes at other ports in the country. Such a dislocation would create an immediate need for at least 200 more ships.

The last point I have to make in this section is that, as it stands to-day, the British mercantile marine is not a balanced fleet. We have been driven from the smaller type of ship into the larger one by foreign competition, and, as an example, our ships are for the most part too large to enter into the grain trade from the Danube. During a war we could not supplement our grain supplies from this area without utilising some foreign ships for its transport. In addition, our timber supplies from the Baltic are brought to this country

almost entirely in foreign ships. We lost our hold on this business largely owing to the Board of Trade regulations for loading timber, which were drawn up in the days of sailing ships, and which became inapplicable and uneconomic after sailing ships were replaced by steam. It was not until 1934 that our authorities could be induced to modernise their standards.

In view of all these considerations, my final estimate of the shortage in our cargo-carrying fleet is approximately 700. This is unquestionably optimistic, and some shipowners would allow 1,000, even 1,500, as being nearer the figure, but I do not wish to run any risk of overstating my case.

It is not unusual for a shipowner to accept a larger contract than he has vessels of his own to fulfil, but before committing himself he takes a "view of the market" to gauge his chances of chartering other people's ships for the balance. Let us "view the market" which we are likely to encounter if we are involved in an European war. Supposing that Norway, Sweden, Denmark, Holland, Greece, Japan and the United States of America are among the Neutral countries, would they be prepared, even at very high rates of freight, to run the risks of bringing cargoes to this country? A number of these countries are situated in very close proximity to the possible field of operations, and it may be imperative for them to remain strictly Neutral. In support of this view, here is an experience of my own.

A few years ago, I was discussing with some prominent Norwegians (politicians as well as ship-owners) the future of the British mercantile marine and the policy likely to be pursued by our Government. I told them it was inevitable, in my opinion, that we should eventually adopt a system of protection to ensure a larger share of the world's trade for our ships.

That being so, I suggested to these gentlemen that their proper course was to anticipate this policy, and to negotiate an agreement with our Government in the interim, so that, in the event of such measures being enacted, Norwegian shipowners would be ensured of a certain amount of business. On their side, they would guarantee us a certain deadweight tonnage of cargo vessels to be available in time of war at a fixed rate of freight. It would be to their benefit to be assured of trade for their ships in peace time, and to ours that we should have a nucleus of foreign tonnage available in war time, without paying the exorbitant freights with which we had to bribe Neutrals during the last war. In each individual case I received the same reply: Their homes are so close to one or other of the probable combatants, and they are so utterly defenceless from air attack, that they cannot enter into any arrangement to help us in the event of our being a belligerent.

I have the impression that all Neutrals will be much more inclined to follow the example of their more astute colleagues during the last war. As our ships were drawn into the war zone, so Neutral vessels took their place in the tramp and liner trades. When the war terminated, British ships returned to the trades they had vacated, only to find that Neutrals had established themselves in the business. Indeed, this practice would have been more prevalent but for the fact that most of the world's coal bunker depots were under Allied control, and in those days the majority of cargo vessels consumed this fuel.

Taking this view of the market, and even accepting that our shortage will only be 700 ships, the contract is impossible to fulfil. It is difficult to understand why this has not been appreciated before, and certainly no one who has access to the detailed information, available in the records of the Chamber of Shipping and the Shipping Federation, can fail to realise that the

position of the Merchant Service is every bit as bad as that of the Royal Navy, both in ships and personnel. Unfortunately, the problem of the reconstruction of the merchant fleet is not so simple as in the case of the Royal Navy, unless the country is prepared to spend money freely on it to repair the results of past neglect, as it is now doing for the Royal Navy.

For five years, the Government has not been unaware of what was happening to the industry. Indeed, in 1934, after two years' unremitting pressure, it did recognise the imminent collapse of the tramp section, and provided a £2,000,000 temporary subsidy—an unflattering valuation as compared with the £4,000,000 grant to the sugar beet industry. For months the shipowners have been asking for help in the Russian, near Continental and Pacific trades, suggesting that in the former two instances their interests should be safeguarded in trade agreements, and in the latter that subsidy, discrimination and coastal reservations should be met by similar measures on their behalf—all without result. The Pacific question has now been tackled by New Zealand and Australia, who have decided to preserve the inter-Dominion communications by re-imposing the principles of our old Navigation Acts.

The Government may excuse their inaction in this case, as in many others, on the ground that the industry is not always unanimous in its recommendations. Shipping is a most complicated business, employing an enormous variety of vessels in many different trades with divergent interests. Nevertheless, many recommendations have been backed by 75 per cent. of the shipowners, and sometimes without even the opposition of the remaining 25 per cent., but merely without their active support. Any party in the House of Commons holding 75 per cent. of the seats, returned by 75 per cent. of the electorate, would surely consider this adequate backing for their programme, and not

- wait for the conversion of the remaining 25 per cent. of the voters before taking any action.

Perhaps the Government is afraid to act because it really thinks we should suffer from retaliation. This reasoning is difficult to understand, particularly as it is based on statistics which have been discounted by the Board of Trade as being wholly unreliable. It is no exaggeration to say that almost every step that can damage British shipping has already been taken.

Sometime ago I was speaking on shipping at the Royal Empire Society, and I had drawn up a map of the world showing the British Empire in red, the coasts from which we are excluded in black, and those that are free in green. I sent this map to be enlarged before being hung in the hall where the meeting was to take place, but, unfortunately, I did not see it before I started the lecture. During the course of my talk, I turned to the map, and found that the green had been left out altogether. The man responsible for the enlargement explained to me afterwards that there was so little green on the map it did not seem worth while putting it in.

I do not think it can be denied that the President of the Board of Trade has not given sufficient attention to the interests of the mercantile marine, and I consider it most unreasonable that he should be expected to do so.

Consider for a moment what comes under the care of this one minister. Coal, iron and steel, cotton, jute, patent medicines and optical instruments—the list could be continued indefinitely—besides customs and excise. Shipping is out of place amongst these. It is a full-time job for any one man, particularly in view of the Merchant Service's function in war, for which the President of the Board of Trade cannot be held responsible. The result is that in peace time it seems to be nobody's business to secure and maintain an adequate fleet of cargo-carrying ships.

I therefore suggest that the first step in the Merchant Service reorganisation programme should be the appointment of a Minister of Marine. This Minister should hold Cabinet rank equal to that of the heads of the other defence services, for in war the responsibilities of the Merchant Service are equally heavy, and its casualties may well be proportionately high. The organisation is already in being in the Marine Department of the Board of Trade, and this excellent section only needs direct contact with the Cabinet to give it 100 per cent. increased efficiency. In taking this step we should be following the example of many countries whose appreciation of the needs of their merchant services is apparently greater than ours.

The second step in the programme is to secure more ships and regain the ground which has been lost. This is not a view which has so far been presented to the Government, as is evidenced by the present "scrap-and-build" scheme to which I have already referred. Instead of the defeatist policy, "we cannot compete, so we must have fewer ships," let us build up our fleet and meanwhile take steps to secure its rightful employment. To do this, the "scrap-and-build" scheme should be extended in scope, so that one new ton is built for every old one scrapped, and it must be made retrospective. Since 1929 scores of ships have been scrapped without replacement, and under the Government scheme only one has been built in place of two scrapped after 1934. These circumstances have not only led to a reduction in ships, but have created serious difficulties in personnel. No one wants to enter a career in an industry in which the scope of employment is steadily contracting. Although it is not apparent from the Ministry of Labour's returns, it is now agreed, both by that Ministry and the Board of Trade, that a very serious shortage of efficient deck hands already exists.

The Shipping Federation, an organisation set up by

shipowners for controlling questions of personnel in all its aspects, has long known the situation, and repeatedly warned Government departments of what is happening. However, statisticians in Whitehall persisted in showing large numbers of seamen out of work, despite the weekly reports of the 33 offices of the Federation in 33 ports of the country, and this, at a time when young men might have been attracted to the sea if they had known the openings which were being created. Thus, to-day, ports which officially show hundreds of unemployed seamen sometimes find it impossible to complete a ship's complement, and men have to be fetched from all sorts of distant places in order that the ship may sail. Bo'suns and junior engineers are almost unobtainable. Such is the result of a dwindling Merchant Service.

In the event of war, our depleted Royal Navy will want to call on some thousands of men from the Merchant Service. I am going to state categorically here, what I have already officially advised the Admiralty is the considered opinion of both the expert staffs of the Shipping Federation and of the shipowners themselves, that there will be no men available from the Merchant Service.

I therefore again most strongly urge that the "scrap-and-build" scheme should be made retrospective on the basis of ton for ton, so that we may gradually build up our fleet and encourage parents to send their sons into what will once more be an expanding industry.

If we build ships, we must find some means of employing them. It is acknowledged that there are more ships on the seas to-day than there are cargoes in the world to fill them. This increase, however, is not in British ships, for just as our competitors have steadily consolidated their gains, so we have steadily retreated and there is actually a large decrease in British cargo ships. It is, therefore, high time that

we insisted on a more equitable share of British purchases being carried in British ships. It is only lately that the Board of Trade has been induced to record the actual amount of trade carried by British and competitors' vessels, and so far only the figures for the near Continental, Baltic and Russian trades are available.

If you will turn to the Appendix you will see a graphic picture. In the countries enumerated, Denmark, Finland, Germany, Norway, Poland, Soviet Union and Sweden, there is an average adverse trade balance for the first quarter of this year of 2 to 1 against us. The amount of trade between us and these countries is large, and although we sold to them only half as much as we bought from them, yet their ships carried twice as much of the trade, and outsiders actually transported 12.9 per cent. It is anticipated that when the same principles are adopted in surveying the trade between us and other countries, particularly the South American States, an equally significant result will be shown.

This disclosure naturally leads to criticism of our trade agreements, in which no safeguard for British shipping has appeared. Indeed, it is Germany, Russia, France, Japan, the United States of America and other maritime countries which make stipulations for, or calculated diversions of cargoes into, their own ships. There seems to be no commercial reason why countries which cannot balance their trade with us should not be required to employ British ships to reduce the difference. In making such stipulations, some modification might be allowed in the cases of nations like the Norwegians, whom we regard as close friends. They helped us in the last war, and their sympathies will be with us in another.

There is, however, one difficulty, according to the Foreign Office, in adequately protecting our shipping

interests, or in any discrimination, and that is the "most-favoured nation clause" in nearly all our treaties. Why should the British Foreign Office cling to this clause when it has become obsolete and injurious? Unlike us, our competitors regard it as a most important part of their Foreign Minister's job to protect and promote their commercial prosperity.

The revision of our trade agreements and the diversion of more British purchases into British ships will take time, and the industry cannot afford to wait while diplomats negotiate and international lawyers argue. The only immediate policy available to us is to match foreign subsidy with subsidy, pound for pound, foreign reservations with Imperial trade reservation, and foreign discrimination with like discrimination.

When Mr. Runciman introduced his Subsidy Bill, he warned the British shipowner that the money must not be dissipated in undercutting rates of freight, and our foreign competitors that Great Britain would not tolerate this uneconomic policy on their part. To fulfil these conditions, the Tramp Shipping Administrative Committee was set up, and most shipowners of other nationalities agreed to abide by the minimum freight schemes and regulations of markets which this Committee imposed; Italy, Russia and Germany being the most important dissentients. Thus, the co-operating foreigner has received the same benefits as the British shipowner, and the relative competitive positions have not been disturbed, for the sixpence profit to the British ship is still one shilling for the cheaper running or more heavily subsidised vessel.

APPENDIX.

SUMMARY OF THE IMPORTS FROM AND EXPORTS, BY VALUE, TO SCANDINAVIAN AND BAL TIC COUNTRIES (INCLUDING RUSSIA), SHOWING PERCENTAGES CARRIED BY BRITISH SHIPS FOR THE FIRST QUARTER, 1936.

	Denmark	Finland	Germany	Norway	Poland	Soviet Union	Sweden	Total for these countries
IMPORTS—								
In British vessels £(000)	828	114	3,442	524	496	575	812	6,791
In national "	6,922	1,918	2,681	1,609	587	987	3,009	17,713
In other "	98	906	1,537	136	980	492	330	4,479
Total	7,848	2,938	7,660	2,269	2,063	2,054	4,151	28,983
In British vessels %	10.6	3.9	44.9	23.1	24.0	28.0	19.6	23.4
EXPORTS—								
In British vessels £(000)	1,407	46	1,898	424	263	217	1,067	5,322
In national "	1,572	558	2,072	1,208	584	470	1,139	7,603
In other "	550	39	557	77	100	9	121	1,453
Total	3,529	643	4,528	1,709	947	696	2,327	14,378
In British vessels %	39.9	7.2	41.9	24.8	27.8	31.2	45.9	37.0

	Denmark	Finland	Germany	Norway	Poland	Soviet Union	Sweden	Total for these countries
RE-EXPORTS—								
In British vessels £(000)	57	15	656	23	193	929	64	1,937
In national "	119	60	1,111	35	183	1,174	175	2,857
In other "	11	3	97	10	15	136	9	281
Total ...	187	78	1,864	68	391	2,239	248	5,075
In British vessels %	30.5	19.2	35.2	33.9	49.4	41.5	25.8	38.2
TOTAL—								
In British vessels £(000)	2,292	175	5,996	971	952	1,721	1,943	14,050
In national "	8,613	2,536	5,864	2,852	1,354	2,631	4,323	28,173
In other "	659	948	2,191	223	1,095	637	460	6,213
Total ...	11,564	3,659	14,052	4,046	3,401	4,989	6,726	48,436
In British vessels %	19.8	4.8	42.7	24.0	28.0	34.5	28.9	100.0%
ADVERSE TRADE BALANCE AGAINST BRITAIN ...	2½—1	4½—1	1½—1	1½—1	2½—1	3—1	1½—1	Average: 2—1
COAL EXPORTS (by weight)	—	—	227,000	17,000	—	—	24,000	
In British vessels (tons)	78,000	—	458,000	256,000	—	—	295,000	
In national "	330,000	23,000	105,000	59,000	—	—	47,000	
In other "	315,000	7,000	790,000	332,000	—	—	366,000	
Totals ...	723,000	30,000	1,519,000	604,000	—	—	666,000	
In British vessels %	10.8	0.0	28.7	5.1	—	—	6.6	

During these last few months, partly owing to the work of the Tramp Shipping Administrative Committee, and partly to an increase in the world seaborne trade, minimum freights have been raised to a remunerative figure. How long they can be kept at this level, and whether the present demand for tonnage will be maintained, is a matter for conjecture. What, however, is quite clear, is that even present freights are not high enough to provide depreciation on the ships, and 5 per cent. on the capital investment. Most British companies have large arrears of depreciation to make up, as well as losses over the past six years, even to the extent of half their capital. It will be a long time before the industry is sufficiently stabilised to attract fresh capital.

Some subsidising nations have anticipated this by setting the subsidy so high that there is an assurance of a reasonable dividend after providing for all charges, and therefore their industry is attractive both to investors and to those seeking a career. In comparison with Italy's £4,500,000, our £2,000,000 subsidy is hopelessly inadequate to bring about this state of affairs.

Finally, I have been told that I have an unfortunate knack of revealing the nakedness of the land. To be perfectly frank, I intend to do so, and for this reason—it is only the fool who underrates his adversary. Anyone who is prepared to fight the British Empire has, as a first measure, acquainted himself with the facts about our mercantile marine, and there is no reason why the people of this country should not know as much about the position as anyone else.

This paper is headed "The Future of the British Mercantile Marine." I believe in its future. All our defence services have passed through a period of neglect, and that has happened to England, and particularly to its mercantile marine, before. It is

said that we have always muddled through, but upon reading history carefully it is quite clear that we have not muddled through, but suddenly woken up and fought our way out. That is what we can do for our Merchant Service if only we wake up in time.

DISCUSSION.

THE CHAIRMAN, in opening the discussion, said :— May I say in the first place what I feel sure will be in the minds of you all, that it is a great treat to hear one who not only knows his subject, but also how to present it effectively.

I came here to learn. I knew Mr. Watts's competence, his great experience, his power of marshalling clear, decided opinions. In him we have heard counsel for the prosecution—very clear, very persuasive, very provocative. I hope we are going to hear something on the other side, and so strike an even opinion for the time being, but ready still to hear further argument, because this matter will not be settled in a day, or in a single session of Parliament. As Mr. Watts said, there are a very great number of different interests combined in the shipping community.

One thing struck me as of great value by way of example in the paper that has been read to us. Mr. Watts thinks in ships, and crews, and cargoes, and not in round and abstract millions of tons and values. The statistics we have before us in the books of reference condense into "global" numbers such various facts that, as every practical man knows, the most misleading conclusions may be drawn from them. After all, it is the individual ship that can be sunk by a torpedo. It is the individual ship which is chartered, and sent forth to find a cargo. It is with a given crew and one master that the owner of the ship has to deal. If we could put more concrete ideas of the shipping industry into our landward population, I think that we

should have an average mentality more ready to judge of the pros and cons of such policies as Mr. Watts advocates.

Mr. Watts wishes to add yet another Minister to the Cabinet. If every interest is to have a Minister to fight for it, I visualise the Prime Minister addressing a meeting instead of a Cabinet, and meetings cannot govern. If you can get your nation to think as the Elizabethans used to think of our ships on the sea, and of the men that man them, you can be certain that you will have a Government that will carry through the necessary changes.

There is another matter to which I should like to draw your attention. Very few people have sized up how small is the capital staked in the British mercantile marine. Your 20,000,000 tons gross of the British Empire may be set down—I am not speaking at random—as worth between two and three hundred million sterling, which is about the value of just one of our great railways. That is a point in Mr. Watts's favour. If for reasons of defence you have to carry a mercantile marine which does not fully earn its keep in peace time, the financial burden will not, after all, be insupportable. The shipowner thinks of his business as comparable with any other line of business, but it may have to be considered as a national service rather than as a concern for private venture. That goes counter to the upbringing and the experience of many living shipowners, but it may be that the coming situation on the world-ocean will force us to some such revolution.

The last point I would venture to suggest as having been brought to our minds by the paper we have just listened to, is that Mr. Watts looks upon skill as capital. He speaks of the shortage of trained men, and of the danger that may ensue to the defence of this country if we have not a sufficiency of men trained to the sea. The old economic view put aside human values as

something which could not be assessed and brought down to money value. I think there are many signs now of a demand that human skill shall somehow be assessed alongside of dead wealth, and in schemes either for development or obsolescence taken into account. I believe that Mr. Watts is there again on a helpful road of thought.

ADMIRAL THE EARL OF CORK AND ORRERY, G.C.B., G.C.V.O., said:—I have always tried to tackle this subject, when speaking of it, from what I hope is the national point of view, the value of our merchant shipping to the country as a whole. The actual money value of it as a business is from that point of view immaterial, for without the merchant marine the country could not live.

It is a curious thing how little it has been realised that a complete change has taken place in the relative positions of the Royal and Merchant Navies during the course of time. In the olden days we carried on our trade in war time in order to make money with which to finance our war effort and that of our Continental allies. If trade was interfered with for a short time it was merely a temporary inconvenience; the people did not have to go short of food and could carry on with their usual avocations. It was the fighting ships that were then all-important. Now things are altered. Unless we can secure a regular flow of shipping with food, fuel, and shipping to our ports we shall go under.

We must have a regular flow, because it is not only necessary to maintain our supplies, but these have to be distributed, and neither our ports nor our transport system can compete if the flow is irregular. Our ports are equipped to deal with commerce working under normal conditions. You cannot distribute ships, to any great extent, because the ports are very much specialised, and you cannot afford to have a large number of ships at one time in any one port,

because most of our ports are within range of air attack from neighbouring countries, and a congested port affords just the target a hostile air force would rejoice to have. By such means as evasive routing, &c., the danger of attack by enemy shore-based aircraft while ships are at sea can be greatly minimised, but this increases the length of voyage, and therefore the number of ships to bring to us the same amount of cargo.

Mr. Watts has told us that we are 700 ships short of what we require. That I am sure is rather an under than an over statement. In view of the new perils we want more than we had in 1914, and as, even with 700 more, we should have considerably less, it seems to me that we are in a very parlous state. Lord Lloyd and others have been continually reminding the Government that something is required to support our shipowners, but very little is done.

Nothing could be worse tactics than to give £2,000,000 to our tramp shipping, but to make it known to the world that our tramp owners must base their future plans on the assumption that the subsidy will cease at the end of the year. What is that but discouragement to our own people and an encouragement to their foreign rivals? What is wanted is a definite statement that more money will be forthcoming to support our shipping if it proves necessary owing to unfair competition.

With regard to the "scrap-and-build" policy, it would really seem to have been better to take over some of the better ships and form them into a national reserve, the Government relieving the owners of all expenses of maintenance until the ships could be employed again with advantage.

We have got to realise that it is now the merchant ships that are all-important to the country, and that the fighting ships are there to protect them. It is the merchant marine by which we live, the Navy is a parasite kept alive by the ships of commerce.

AIR-COMMODORE A. W. BIGSWORTH, C.M.G., D.S.O., A.F.C., said :—We have heard a few remarks about what the air can do to shipping. There has always been a great deal of talk and difference of opinion about what air can do, and we all know the constant argument about naval ships and aircraft as to which can defeat the other, but I think there has never been any suggestion that aircraft are not going to be a tremendous menace to merchant shipping. We know, those of us who served in the war and were connected with the work of convoying ships along the coast, what a heartbreaking thing it was to see those ships creeping along at about 6 knots, and what amazingly easy targets they were from the air. I think we must realise that losses in merchant ships are going to be very heavy, I should say much heavier than Mr. Watts has put them at, and I can only back what the Admiral said, that the whole existence of this country depends on our merchant shipping. We are not yet, nor are we likely to be, in a position to carry our foodstuffs in sufficient quantities by air to make very much difference.

MR. P. L. HUNTING (Vice-Chairman, Tanker Committee of the Chamber of Shipping), said :—I was very much struck by the remark of the Chairman, in his summing up, about the suggested Minister of Marine, and I must say I disagree with him in that respect. Most of the people in this room, I think, agree that the mercantile marine is vital to this country. If that is so, why not a Minister of Marine to see that it is maintained in its proper perspective? I believe we have been saying for the last 200 years that the mercantile marine is vital, yet we seem to do extraordinarily little about it.

I, for one, agree with Mr. Watts in most that he has said. He mentioned the Navigation Acts. That to my mind is a weapon that this country could employ, and I do not think there would be any possibility of

Personally, I don't fear such retaliation as the rest of the world would give. I would go even further than Mr. Watts; I would put into being Navigation Acts that were necessary, and if our mercantile marine is so ~~vital~~ I would use the funds of this country to back it up. In my youth I used to be something of a "scrapper" and I always found that if I went for the other fellow hard enough the retaliation did not always materialise.

I think personally that in the shipping industry we do not use propaganda in the way it should be used. If it were possible to make the people of this country realise how vital is our shipping industry, I think we should get a better backing than we do.

MISS TALBOT said:—Is it true that Mr. Runciman recently gave out in the House of Commons that the adverse balance of trade with Russia of imports over exports was somewhere about £42,000,000 worth of goods? I gather that all these imports are carried in Russian and foreign ships, so that any new agreement which is drawn up ought to stipulate the use of British ships.

THE LECTURER replied:—There is no reason at all why we should not deal with the Russians if we could persuade Mr. Runciman to put some stipulation in trade agreements to the effect that we should have a certain share of the traffic which results from trade between the two countries. I have tried to get this done on two occasions, but have failed. He has, however, put in a stipulation saying that he hopes Russians will kindly remember British shipping when fixing up cargoes, but that is as far as he got.

SIR KARL F. KNUDSEN, K.B.E., said: It is perhaps a little dangerous in a meeting like this, where one is told that nobody can disagree with the lecturer, to stand up and say that I agree with him on one point only. I agree with him, with the experience of the

war behind me, as to the enormous importance of the mercantile marine of this country, and having said that, I disagree with him on every other point.

It is a little difficult to speak where there is such confusion of approach. Are we discussing the mercantile marine from the economic point of view, or from a national point of view? The latter seems to me an impossible approach, and I shall deal with it from the point of view of economics.

I believe Mr. Watts would have agreed with me when, in 1921, I was in San Francisco and was asked to speak on the shipping problem and to answer the question whether the United States could be a great shipping country. I told them that there was absolutely nothing to hinder them, but there was one thing they must bear in mind: they would achieve their end just so soon as they imported more than they exported, but if they continued to try to be the only seller in the market and not the buyer, for every ton of cargo they carried they were restricting that trade which shipping had to serve.

Has it occurred to anyone to ask himself whether 20,000,000 tons—about one-third of the world's shipping—is not a very considerable share? Has it occurred to anyone that in the middle of the last century the United States were fast overhauling this country as a shipping nation, and that they had the best ships in the world? Has it occurred to anyone to consider why all that has disappeared? It disappeared because the U.S.A. became a protectionist country after the Civil War and began to export more than they imported, and that lost them their place in the shipping world. There was not a shipowner on the Baltic Exchange here who did not, before the World War, realise that immediately we began restricting trade by tariffs there would be a reduction in the tonnage under the British flag.

I am one of those who feel that that tonnage should be increased, but what then is the choice before us ? Is the choice not to try to expand the trade of this country ? It is all very fine to say that the Empire ~~just~~ cannot do without a larger mercantile marine and the economic aspect does not matter. Surely, the function even of the Navy and of the mercantile marine, without which we cannot live, is to protect our livelihood. Is there anyone who believes that if we return to the Navigation Acts we are not going to witness increasing restriction of trade and increasing difficulties for our export industries, on which we live ? Is there anyone who thinks that in order to live we should also begin subsidising cotton exports ? If our basic export industries, of which shipping is one, are going to depend, not on the capacity of the people who manage them, but on the length of the taxpayer's purse, then I say God help this country.

I turn now to another aspect of this question. Sir Halford made some comments on the public servants of the country, including our politicians. I am one of those who feel that we should be very grateful for them. I do not believe any country has anything equal to them, and during the war, when it was my job to secure the smoothest service by vessels of the Norwegian mercantile marine, I came in contact with a body of Civil Servants who were so intelligent, so hardworking and so absolutely incorruptible, that they evoked from me the greatest admiration.

I am not certain whether I heard Mr. Watts aright when he referred to the enormous freights which were necessary to " bribe " other countries to serve us during the war. I will ask him to make one simple calculation. there was 1,500,000 tons of cargo-carrying capacity under the Norwegian flag serving us. The freight was 35s. a ton on requisition terms. Mr. Watts knows perfectly well that no ship can run every day for 12 months, but even, allowing that, it works out at

about £31,000,000 per annum. But then Norway also had a coal agreement with us. We undertook to protect her coal supply in time of war. It was fixed at 2,400,000 tons, and the coals were carried in British vessels. The price of the coals delivered in Norway before the war was £1 per ton. During the war it touched £20 a ton. It is true that this quantity was never delivered. We found it impossible to deliver and asked Norway not to insist. We had here a very necessary system of limited prices, but we did not limit them in favour of foreign countries, and I could give you plenty of examples. No, we must not talk of bribery.

Let me also tell you of another incident. When the unrestricted submarine warfare was declared, there was some doubt whether the Norwegian vessels would continue to sail. I then telegraphed to an old friend who has frequently been Prime Minister of Norway. My message was to this effect :—" Although Norway is neutral and although neither Great Britain nor any other country will risk their existence for a small country, yet the western democracies represent a form of government which automatically protects small nations from attack. This is a Norwegian interest, and I therefore hope that no step will be taken to prevent Norwegian vessels from trading, thus upholding the earlier declaration of Norway that the submarine warfare, as practised against vessels of commerce, was contrary to international law." I received a prompt reply that nothing would be done to hinder the ships from serving, but my friend also expressed the hope that certain interference with supplies for Norway would also disappear.

Mr. Watts suggests that such help cannot be relied upon in a future war. There is nothing at the time that justifies any idea that the position would be different ; it depends on the policy that we pursue.

Our Chairman described to you to-night very correctly the fascinating thing it is to be a tramp shipowner, and have to place one's ships in different parts of the world. But if we contemplate the kind of ~~bilateral~~ trade indicated by the sheet of statistics handed to us to-night, please remember that this is a negation of the task of the tramp owner thus described. Tramp shipping means multilateral trade and not a one-way traffic.

If we adopt the Navigation Acts and continue our restriction policies, there is no doubt that the northern countries will suffer; but remember that the people who will get the extra tonnage, if any extra is required, which I doubt, will be just the countries which are governed by dictators. They can go on subsidising and get the tonnage they want for defence purposes. Not so with those countries which gain their livelihood on the oceans. It is just as impossible to make a living by subsidised shipping as it is for Canada to live by subsidising wheat. Of course, it may be said that we must have a larger fleet as a national insurance. We used to say, "You cannot insure against Armageddon." If it is going to be done without reducing that world trade which shipping is to serve, then we must either have an enormous fleet laid up for use only in time of war, an expedient which I do not think will gain approval, or we must keep in the country enormous stocks of food for eventualities, enough to see the country through for a good long time.

Finally, let us get out of our heads the idea that the chief competition with the mercantile marine of this country comes from subsidised ships. In the case of Italy, Japan and France the naval fleets are small, if you measure them by the Navy which we consider necessary for our country. Germany lost her fleet, and I believe it did us enormous harm. When she gets into her stride again she will want more. But the real competition which tramp owners fear is the

competition from the northern countries, where the standard of living is at least as high as ours. Are we in this country going to say that we are not capable of meeting competition on equal terms? American subsidies are in a different class. They do interfere, but for very good reasons we cannot fight them by counter-subsidies.

To people like myself who have been fascinated by the liberal concept of the British Commonwealth, it is a great sorrow to see the measures of 100 years ago being proposed, measures which had such bad results. A Commonwealth kept together in freedom, and defended by a navy and a mercantile marine rendered large enough through the greatest freedom of trade is to me the only way.

THE LECTURER replied :—Sir Karl Knudsen stressed the fact that we do not want to start restrictive measures. I would reply, who started them? I can quite understand what Sir Karl feels, because as a matter of fact I used to think the same way myself once upon a time. Then I happened to turn up—when we were moving our offices—some old books of my grandfather's, and I found that about the time of which Sir Karl was talking, my grandfather, in common with a great many other shipowners, was extremely hard up. Then I realised that about 1869 he was constantly building iron steamships as fast as he could, and was paying cash for them. I began to wonder whether the old system of economics was quite right. Then I discovered the story. When the American Civil War was on, both factions were busy destroying each other's tonnage and bribing us to charter our ships to them. At the same time they were wrecking themselves and losing their own money. Then the Franco-Prussian War tied up two more competitors, and the result was that about 1860-70 British shipowners were 'flush with money. Iron steamships

Chairman describes

capital which our competitors did not. American restrictive measures did not affect the position, neither did our policy of "freedom of the Seas"—it was our cash ~~against~~ America's poverty. That is the reason why we went ahead in the latter half of the last century. The position, however, was reversed after the Great War. We were the fools who fought and spent money on other people's ships which enabled them to catch us up and buy the latest vessels. I may be wrong, but I find it very difficult to reconcile my grandfather's old accounts with the theoretical shipping deductions of the school of the very late Mr. Cobden.

I should like Sir Karl to realise that I do not mean "bribing neutrals" in any nasty sense. If I was a neutral I should get the best money for my ships, and I am not blaming the Norwegians in the slightest for getting high freights in the Great War.

On the motion of the Chairman, a hearty vote of thanks was accorded to the Lecturer, and the meeting terminated.

